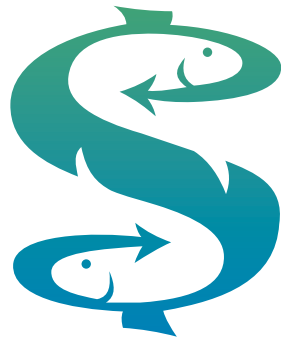

U.S. Environmental Protection Agency, Region 10



Clean Water

State Revolving Fund

Washington Program Evaluation Report

State Fiscal Year 2010

March 2012



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 10**

1200 Sixth Avenue, Suite 900
Seattle, WA 98101-3140

OFFICE OF
WATER AND WATERSHEDS

MAR 15 2012

Mr. Kelly Susewind, Manager
Water Quality Program
Washington Department of Ecology
P.O. Box 47600
Olympia, Washington 98504-7600

RE: Washington Water Pollution Control Revolving Fund Program Evaluation Report for
SFY 2010

Dear Mr. Susewind,

The U.S. Environmental Protection Agency Region 10 (EPA) has evaluated the Washington Department of Ecology's administration of the Washington Water Pollution Control Revolving Fund for state fiscal year 2010. Enclosed is the Program Evaluation Report (PER), which documents our evaluation and Ecology's continuing excellence at operating its state revolving fund.

In SFY2010, Ecology provided \$94 million in state revolving fund loans to 28 projects, including ongoing support for an innovative project that bring low interest rate loans to homeowners with failing septic systems through local health departments. Ecology also implemented additional Congressional requirements for the Green Project Reserve, additional subsidization, and Davis-Bacon.

This PER identifies two follow up items. This evaluation identified a gap in the state's Disadvantaged Business Enterprises (DBE) procedures that resulted in under-reporting DBE utilization data. Ecology has already corrected its DBE procedures and is in the process submitting revised DBE reports to EPA. One project reviewed needs Davis-Bacon corrections, and Ecology is already addressing them.

We greatly appreciate the cooperation and long public service of Financial Management section manager Steve Carley, who is now retired but managed the program during the year under review, interim section manager Jeff Nejedly, and Water Quality Program staff. Their assistance, insight and knowledge were invaluable to our evaluation.

If you have any questions, please call me at (206) 553-4198 or contact David Carcia, our Project Officer for the Washington Water Pollution Control Revolving Fund, at (206) 553-0890 or carcia.david@epa.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael A. Bussell", with a stylized flourish at the end.

Michael A. Bussell, Director
Office of Water and Watersheds

Enclosure

cc: Mr. Jeff Nejedly, Interim Manager
Financial Management Section, Ecology

U.S. ENVIRONMENTAL PROTECTION AGENCY,
REGION 10
CLEAN WATER STATE REVOLVING FUND PROGRAM

PROGRAM EVALUATION REPORT

WASHINGTON WATER POLLUTION CONTROL
REVOLVING FUND

Final SFY 2010

July 1, 2009 through June 30, 2010

March 2012

Contents

EXECUTIVE SUMMARY	1
PROGRAM HIGHLIGHTS	2
FOLLOW UP FOR WA SFY 2009 REQUIRED ACTIONS	4
FOLLOW UP FOR WA SFY 2009 RECOMMENDED ACTIONS	6
REQUIRED PROGRAM ELEMENTS	7
ANNUAL REPORT	7
CROSSCUTTING FEDERAL AUTHORITIES	7
Davis-Bacon Provisions	8
Disadvantaged Business Enterprises (DBE)	8
Debarment / Suspension (E.O. 12549)	9
REQUIRED FINANCIAL ELEMENTS.....	11
State Matching Capital Contribution	11
Cash Draw Transaction Testing.....	11
Annual Report Exhibits and Financial Statements	11
Timely and Expeditious Use of Funds	12
Table 1: Timely and Expeditious Use of Funds Analysis	12
Financial Statement Audit.....	12
Financial Capability Assessments	13
Financial Indicators.....	13
Table 2: Ecology SRF Financial Indicators	14
REQUIRED ACTIONS	15
RECOMMENDED ACTION.....	15
BASE PROGRAM ANNUAL REVIEW CHECKLISTS.....	APPENDIX-A
ANNUAL REVIEW PROGRAMMATIC AND FINANCIAL CHECKLISTS	A-01
FILE REVIEW CHECKLIST #1: EVERETT (LOAN # L1000022)	A-13
FILE REVIEW CHECKLIST #2: KITTITAS (LOAN # L1000032)	A-19
FILE REVIEW CHECKLIST #3: VANCOUVER (LOAN # L1000018)	A-25
FILE REVIEW CHECKLIST #4: WILBUR (LOAN # L1000015)	A-31

Executive Summary

This report presents the Environmental Protection Agency (EPA) program evaluation of the Washington Water Pollution Control Revolving Fund (SRF) for State Fiscal Year (SFY) 2010, administered by the Washington Department of Ecology (Ecology). EPA followed the Annual Review Guidance for the State Revolving Fund Programs (Interim Final) published by the EPA's Office of Water in March 2004 to prepare and conduct this year's assessment.

For SFY 2010, EPA gathered information from the following sources:

- The 2008 Operating Agreement between the EPA and Ecology governing the administration of Washington's Water Pollution Control Revolving Account
- The grant agreements associated with each of the open EPA capitalization grants to Ecology
- The SFY 2010 Final Intended Use Plan (IUP) and the amended SFY 2009 Final IUP.
- Records of financial transactions maintained by the EPA and Ecology
- An audit report for SFY 2010 for the Washington Water SRF completed by the Washington State Auditor
- The annual report submitted by Ecology for SFY 2010
- Project files for eastern, western, and northwestern regional projects maintained by Ecology
- On-site review May 17-19, 2011.

EPA reviewed four base program project files and four base program cash draw transactions. While program evaluations occur during a relatively focused timeframe, they are also informed by discussions with Ecology staff all year long. In addition to discussions with Ecology's management and program staff throughout SFY 2010, EPA also attended Ecology's quarterly Water Quality Financial Assistance Advisory Council meetings, which continue to provide a productive forum for Ecology and community stakeholders to discuss SRF financial and programmatic issues.

This year's review confirms that Ecology runs an excellent water quality financial assistance program. We discovered two issues that require action. While Ecology implements Disadvantaged Business Enterprise (DBE) requirements appropriately, we found a problem in Ecology's process for reporting aggregate DBE utilization data. The other issue was a construction contract that did not include EPA's Davis-Bacon contract provisions.

PROGRAM HIGHLIGHTS

Ecology funds water quality projects through the administration of the Washington State Water Pollution Control Revolving Fund (SRF). The Fund has always been operated as a direct loan program, which means it has never been leveraged through the issuance of bonds. EPA grants and matching funds from Washington state appropriations capitalize the Fund. Repayments and interest earnings significantly augment the money available each year.

Through its integrated funding system, Ecology's can accommodate or blend multiple sources of funding through one application per project: State Centennial Clean Water grants and loans, SRF loans, and the federal Section 319 nonpoint source grants are streamed to eligible applicants each year. The system is flexible enough to handle additional sources of funding that become available. For example, Ecology streamed one time federal ARRA funding and a state Stormwater/LID appropriation with this innovative funding framework. This system, unique to Washington State, maximizes the number of projects funded and better leverages the water quality benefits obtained from various financial assistance programs. Additionally, Ecology coordinates its water infrastructure financial assistance with other infrastructure financiers such as the U.S. Department of Agriculture Rural Utilities Service.

Ecology uses an integrated planning and priority setting system to develop an annual project priority list (offer list), which forms the basis for their Intended Use Plan (IUP). Projects are funded in an order based upon rating and ranking criteria. In SFY 2010, some communities were slower than anticipated in either accepting or declining funds, but Ecology still was able to sign most assistance agreements within six months.

According to the SFY 2010 Annual Report, Ecology carried forward \$7,270,450 into SFY 2011, but this annual report statement appears to be an error. In our review of the timely and expeditious use of funds conducted in June 2011, EPA found that no funds were carried forward into SFY 2011. This analysis dispels concerns outlined in the SFY 2010 annual report regarding funds being carried forward. However, the exercise also highlighted the fact that Ecology cannot easily or readily access its data depicting the exact amount of available funds.

Since program inception through SFY 2010, Ecology has cumulatively received \$544 million in EPA SRF capitalization grants and provided over \$95 million in state match.¹ During this period, Ecology has administered roughly \$1 billion² for eligible clean water projects. Cumulatively, close to \$73 million in SRF

¹ Clean Water National Information Management System (NIMS)

² This amount includes loan repayments, interest earned on SRF loan balances, and interest earned from SRF fund investments

assistance has gone to implement the state's nonpoint source water quality strategy and approximately \$640 million went to either Section 319 projects or Section 212 that also protected or enhanced one of Washington's two national estuaries.³

In SFY 2010, loans with a maturity of five years or less were offered at an interest rate of 1.5% and loans with a maturity of six to twenty years were offered with an interest rate of 2.9%, which is 30% and 60%, respectively, of tax-exempt municipal bonds. Washington also continued its practice of reducing the interest rate to as little as 0% for communities that met the Department's economic hardship criteria.

³ All of these data are derived from the Clean Water National Information System data developed and submitted by the Washington Department of Ecology.

Follow up for WA SFY 2009 Required Actions

Required Action #1: Complete an updated SERP for EPA review by June 30, 2011.

Progress: *Ecology has completed this action.* Ecology sent the updated SERP to EPA in June 2011. EPA expects to complete its review and comment on the proposed SERP in March 2012.

Required Action #2: Ensure that the following projects files contain an environmental determination and any associated public notices: Arlington (ARRA Loan # L1000024), Kittitas (ARRA Loan # L000017), Airway Heights (ARRA Loan # L0900007), LOTT Wastewater Alliance (ARRA Loan # 100016), Ritzville (Loan # L0900004), and LSSD (Loan # L0900003).

In general, Ecology should ensure all ARRA and base program projects with Section 212 components have documentation of: 1) the loan recipient's environmental determination, 2) the public notice of the environmental process/determination, and 3) Ecology's environmental review checklist/memo.

Progress: *Ecology has completed this action.* Ecology confirmed environmental determinations and public notices of the environmental process/determinations for the identified projects.

Required Action #3: Confirm that LSSD is in compliance with the Endangered Species Act (ESA) and Essential Fish Habitat (EFH). Unless ESA/EFH compliance is confirmed, LSSD project costs cannot be credited toward cross-cutter compliance requirements.

Progress: *Ecology has completed this action.* Ecology provided ESA/EFH compliance documentation and added it to the project file for LSSD (Loan # L0900004).

Required Action #4(a): This action only applied to ARRA.

Required Action #4(b): This action only applied to ARRA.

Required Action #5: Confirm that contractors and subcontractors were not debarred or suspended for Ritzville (Loan # L0900003), LSSD (Loan # L0900004), and all ARRA loans. Documentation of this confirmation needs to be maintained in Ecology's files.

Progress: *Ecology has completed this action.* Ecology requires recipients to provide evidence for all known contractors and subcontractors to verify none were prohibited as of the contract signing dates. Ecology added documentation to the project files for LSSD, Ritzville, and all ARRA loan recipients.

Required Action #6: This action only applied to ARRA

Required Action #7: This action only applied to ARRA

Required Action #8: This action only applied to ARRA

Required Action #9: This action only applied to ARRA

Follow up for WA SFY 2009 Recommended Actions

Recommended Action #1: Disburse funds from federal capitalization grants prior to using other sources of funds.

Progress: Ecology's Fiscal Office staff stated that they have already implemented this change and EPA's financial database documents disbursements of federal dollars drawn from the oldest grants first. Much smaller draws from newer grants match the 4% administration costs allowed from each capitalization grant. EPA will check progress on this aspect of the program during the SFY 2011 annual review onsite currently planned for April 2012.

Recommended Action #2: Send the annual report to EPA by September 30th every year. Ecology's SRF programmatic and Fiscal Office staff have already begun to collaborate to ensure this timely report delivery.

Progress: Ecology sent the SFY2010 annual report in January 2011, but committed to an improved deadline for SFY2011 annual report, which was delivered in October 2011. This significant improvement should help them meet the new grant condition that requires the SFY 2012 annual report to be sent to EPA by September 30th.

Recommended Action #3: Add Environmental Justice (EJ) to cross-cutter checklist and the ARRA project verification form.

Progress: Ecology included an EJ process as part of the updated SERP, which EPA is reviewing.

Recommended Action #4: This action only applied to ARRA.

Recommended Action #5: This action only applied to ARRA.

Recommended Action #6: This action only applied to ARRA.

Required Program Elements

Annual Report

The annual report indicates that Ecology generally runs an effective program. For example, the report establishes:

- Section 212 projects were reviewed in accordance with the current SERP;
- State Match, on a cumulative basis, meets the 20 percent requirement; and
- Binding Commitments exceed the required 120 percent of cumulative capitalization grants through June 30, 2010.

Ecology reported that about \$7.3 million would be carried forward into the SFY 2011 funding cycle. EPA and Ecology checked this statement by conducting a detailed review, which included all increases and decreases to all financial assistance agreements as of June 30, 2010. This exercise confirmed that Ecology had obligated funds in an expeditious and timely manner and had not carried forward funds into SFY 2011. In fact, this evaluation found that Ecology obligated over 100% of SFY 2010 total available funds. (Please see the [Timely and Expeditious Use of Funds Analysis](#) section below.)

Ecology met the extended annual report deadline of 01/31/2011. EPA recognizes that essential Fiscal Office data historically had not been sent to the SRF programmatic staff until the second quarter of the following state fiscal year. As a result, Ecology sent its annual reports to EPA three to four months later than other SRF programs. In recent years, EPA tried to accommodate these later annual report publication dates, but has found that this makes evaluations, feedback, and technical assistance less effective.

EPA is encouraged by Ecology's recent annual report timeliness. Ecology has worked out a better flow of information between the SRF program and its Fiscal Office. As a result, Ecology sent its final SFY 2011 report to EPA in October 2011, which is a significant improvement compared with the past several years. The capitalization grant requires the SFY2012 annual report to be completed by September 30, 2012, which is on par with other SRF programs nationally.

Crosscutting Federal Authorities

Cross-cutting federal authorities of other federal laws and executive orders apply to federal assistance. Accordingly, cross-cutting authorities apply to all SRF projects whose funding is equal to the cumulative total of all federal SRF capitalization grants. Crosscutting requirements apply to the SRF agency as the grant recipient and extend to the projects and activities receiving federal financial assistance. Projects funded beyond the cumulative amount of the federal

capitalization grant are not generally subject to cross-cutting authorities.⁴ However, if the requirements are nevertheless met, they can be banked.

This year's review indicates all four projects met their cross cutter requirements with three exceptions: Wilbur did not include EPA's Davis-Bacon construction contract provisions or federal wage determinations as required by the capitalization grant (discussed below), Ecology had an internal DBE reporting gap that resulting in inaccurate DBE reports to EPA, and documentation demonstrating compliance with debarred and suspended requirements was not consistent across projects. Ecology has already implemented solutions for DBE reporting and debarred and suspended compliance documentation.

Davis-Bacon Provisions

The Davis-Bacon Act requires that all contractors and subcontractors performing construction, alteration and repair (including painting and decorating) work under federal contracts in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage and fringe benefits for the geographic location.

Construction contracts associated with an SRF project awarded on or after October 30, 2009 must include the specific Davis-Bacon clauses identified in the programmatic conditions (and related Davis-Bacon attachment). Bid/construction documents must also include the correct federal wage determination.

For Everett-City of (Loan #L1000022) and Kittitas (Loan #L1000032) the EPA Davis-Bacon terms and conditions and the federal wage determination were amended into the contracts before the time of the onsite review. Davis-Bacon did not apply to Vancouver (Loan #L1000018) as it was money used for a fee simple land purchase for the expansion of a non-point source project and used no labor.

Wilbur (Loan #L1000015) did not appear to have EPA's Davis-Bacon Terms and Conditions or federal wage determination(s) in their construction contracts. All construction contracts related to this project must be amended to include the above mentioned items. See Required Action #1.

Disadvantaged Business Enterprises (DBE)

DBE is an outreach and education program that encourages participation by disadvantaged enterprises. DBE updates the Minority and Women-owned

⁴ All programs, projects, and activities undertaken by the SRF program are subject to the federal anti-discrimination laws, including the Civil Rights Act of 1964, Pub. L. No. 88-352 §601, 78 Stat. 252 (codified as amended at 42 U.S.C. §2000d), the Rehabilitation Act of 1973, Pub. L. No. 93-1123, 87 Stat. No. 94-135, §303, 89 Stat. 713, 728 (codified at 42 U.S.C. §6102). Further, these broader anti-discrimination laws apply by their own terms to the entire organization receiving federal financial assistance, not just to the project itself.

businesses (MBE/WBE) requirements. The first Washington SRF base program grant awarded after the new DBE rule went into effect was dated May 07, 2008. Therefore, the new DBE rule applies to all base program loans signed after May 07, 2008 up to an amount equal to each individual base program SRF grant awarded. All associated contracts funded by loans subject to DBE likewise need to comply with the new DBE rule. Unlike many other requirements, compliance with the DBE/MBE/WBE laws by projects whose cumulative funding is greater than the amount of the federal capitalization grant is not “bankable.”

All projects had documentation of DBE compliance, but this review helped identify a DBE reporting gap. According to interviews with Ecology staff, contractors and subcontractors report DBE through a “D-Form” required with each disbursement request. This form is supposed to be forwarded to Ecology’s Fiscal Office, which aggregates the individual DBE reports into the quarterly (or semi-annual) 5700-52A report to EPA⁵, as required by DBE regulations. For every quarter in SFY 2010, Ecology reported zero DBE utilization. Given the number of DBEs in the Washington, it seems unlikely that the aggregate DBE for all state projects would be zero. Ecology, at EPA’s behest, reviewed its DBE implementation and found a gap in their internal reporting procedures. DBE utilization dollars had been reported to the Fiscal Office, but were not being recorded and reported to EPA.

The only capitalization grant impacted by this reporting gap was CS53000107 and only for seven previous quarters. The last three quarterly DBE Reports for CS53000107 indicate that Ecology has corrected its reporting process. Since all other open grants have not yet been drawn down for any project disbursements, they are accurately reported as having zero DBE and do not require updates to DBE reports already submitted.

However, Ecology will need to submit revised 5700-52A DBE forms to reflect DBE utilization, even if the DBE utilization was zero, for each of the seven quarters between FFY2009-Q4 and FFY2011-Q2 for grant number CS53000107. See Required Action #2.

Debarment / Suspension (E.O. 12549)

Ecology is required to ensure that contractors and subcontractors receiving federal funds are not suspended or debarred. Though contractors and subcontractors were previously allowed to self-certify this is no longer the case. Now Ecology must confirm contractor and subcontractor status. It is up to Ecology to decide how to document confirmation of compliance, but one

⁵ According to capitalization grant conditions, CS53000107 and CS53000108 are required to report DBE quarterly, while CS53000109, CS53000110, and CS53000111 are required to report semi-annually. Submitting quarterly reports for all open grants, which Ecology has done in the past, is acceptable and may be easier to administer than managing two separate reporting periods.

available technique is to print a copy of an Excluded Parties List System (EPLS) search at www.epls.gov and place it in the project file.

This year's evaluation indicates that Ecology has effectively addressed the SFY 2010 state audit finding regarding internal controls for compliance with debarment and suspension (refer to the [financial statements audit section](#) below).

To address internal controls for debarment and suspension compliance, Ecology now requires loan recipients to conduct EPLS searches for all contractors and subcontractors used. Recipients are then required to provide this documentation to Ecology, which independently confirms compliance and then maintains this documentation in the respective project files.

All projects reviewed are now in compliance with debarment or suspension in accordance with the SFY 2010 grant condition. Ecology had the appropriate compliance documentation in their Kittitas project file. Vancouver, which was a fee simple land purchase, did not involve any contracts. Everett and Wilbur did not have compliance documentation in the project file when EPA started its file reviews, but subsequently obtained recipient compliance documentation. Ecology then independently reviewed the documentation to confirm compliance and added it to the project file. EPA commends Ecology for improving this aspect of the program.

Required Financial Elements

State Matching Capital Contribution

Federal capitalization grants provided under the Clean Water State Revolving Fund base program require states to provide an amount equal to 20% of the federal grant in state matching funds. Cash draw transactions and audited SFY 2010 Financial Statements verify that the Washington SRF program is meeting this requirement. The cumulative amount of appropriated state match funds, \$95,262,361 as reported in the program's annual report, meets the required 20% for cumulative base program federal grants through SFY 2010. The required cumulative state match is also recorded in the Clean Water National Information System (CWNIMS) report for 2010.

Cash Draw Transaction Testing

During EPA's annual review visit, four cash draw transactions were tested. As part of this testing, EPA verified that correct processes are being followed for disbursing state match into the fund in the required proportion. The cash draw transaction testing also confirmed that the Washington SRF program is using federal funds for eligible program expenses. There were no erroneous transactions.

Cash Draws

- | | |
|-------------------------|--|
| August 29, 2009 | Cash Draw \$2,537,393: <ul style="list-style-type: none">• \$326,116- Lake Stevens (L090014-05)• \$2,211,277- Lake Stevens (L0800004-01) |
| December 9, 2009 | Cash Draw \$4,121,653: <ul style="list-style-type: none">• \$4,121,653- Lake Stevens (L0800004-02) |
| April 3, 2010 | Cash Draw \$128,158 <ul style="list-style-type: none">• \$128,158-Washington Department of Ecology(CS53000108) |
| June 4, 2010 | Cash Draw \$1,586,683: <ul style="list-style-type: none">• \$1,586,683-City of Arlington (L1000025-04) |

Annual Report Exhibits and Financial Statements

The SFY 2010 annual report generated by program staff and the Ecology Fiscal Office provides exhibits that meet financial reporting requirements and also provide the EPA and other readers a quick source of summary level financial information. Of particular note, the Management Discussion and Analysis reports a cash position increase of over \$6.2M from SFY 2009 to SFY 2010. Ecology's

stated goal is to decrease its cash position as it awards more loans in subsequent years. EPA encourages Ecology to pursue this goal.

Timely and Expeditious Use of Funds

Table 1 shows the results of the timely and expeditious exercise completed during an on-site meeting between EPA and Ecology. It demonstrates that total loan obligations at the end of SFY 2010 exceed total SRF funds available at the end of SFY 2009 and confirms that Ecology is in compliance with the timely and expeditious use of funds requirement. This analysis dispels concerns outlined in Ecology's SFY 2010 annual report regarding funds being carried forward from the SFY 2010 IUP to the SFY 2011 IUP.

However, the exercise also highlights the fact that Ecology cannot easily or readily access accurate data for total available funds and total amount obligated. To regularly verify these totals, Ecology should include a timely and expeditious table, similar to Table 1 below, in all future IUPs and annual reports. See Recommended Action #1.

TABLE 1: TIMELY AND EXPEDITIOUS USE OF FUNDS ANALYSIS:

Funds available as of June 30, 2009						
Total Federal Cap Grants Awarded	Total State Match	Total Principal Repayments	Total Interest Repayments	Total Investment Interest	Total Administrative Set-Aside	TOTAL FUNDS AVAILABLE
476,311,797	92,895,627*	291,336,781	105,096,605	32,731,099	(19,052,472)	979,319,437
Total loan obligations as of June 30, 2010:						999,143,810⁶
LOAN OBLIGATIONS AS PERCENTAGE OF FUNDS AVAILABLE FROM SFY 2009:						102%

*No state match was required for ARRA Cap Grant amount

Financial Statement Audit

EPA appreciates Ecology efforts to ensure an annual audit of the SRF program. Ecology's Fiscal Office requested that the Washington State Auditor's Office conduct a financial statement audit of the Water Pollution Control Revolving Fund for SFY 2010. The audit report provided a positive, unqualified⁷ opinion about

⁶ Total loan obligation figure was taken directly from Ecology's financial system while on site in June 2011. This figure accurately accounts for all loan obligations, but does not match cumulative totals recorded in the Clean Water National Information Management System (NIMS) due to recently processed de-obligations. EPA and Ecology are actively revising NIMS data to reconcile the two data sources and account for all processed de-obligations.

⁷ An unqualified opinion is an auditor's judgment that he or she has no reservation as to the fairness of presentation of an entity's financial statements and their conformity with Generally Accepted Accounting Principles (GAAP); also termed *clean opinion*.

the program's financial statements and found no material weaknesses in the Ecology's internal controls over financial reporting. However, in reporting on internal controls over the SRF loan program, the audit reported a finding that "the Department of Ecology does not have adequate internal controls to ensure it complies with suspension and debarment requirements". EPA reviewed the response by Ecology in which certain additional steps have been implemented to address this finding and accepts the corrective actions taken by Ecology. Please refer to the [Debarment and Suspension section](#) above.

The positive audit results confirm that established procedures and policies, and that generally accepted accounting principles (GAAP) are consistently applied. The annual audit report is a solid testimony to the financial integrity of the SRF program.

Financial Capability Assessments

During previous annual review discussions, EPA focused on the in-house procedure that Ecology implemented in 2006 - 2007 for conducting financial capability assessments on all loan applicants. Ecology now applies these procedures as standard operating practice. EPA encourages the program to continue making these financial capability assessments a cornerstone of their loan application process. A key factor for ensuring continued success of the financial capability assessments is Ecology's ability to sustain the level of effort and staff expertise needed to consistently apply these procedures.

Financial Indicators

Financial indicators for the Washington SRF highlight the continued strong performance of the program. The return on federal investment was 207% at the end of SFY 2010, demonstrating the success of the Washington SRF program in leveraging federal dollars to fund clean water projects. The program also maintained strong performance in the amount of loans made as a percentage of funds available. Table 2 below compares two recent fiscal years according to indicators by which all state SRF programs are evaluated.

Description	WA State SFY 2009	WA State SFY 2010	Regional Average ⁸ for FY2010	National Average ⁹ for FY2010
#1-Return on Federal Investment - Shows the amount invested in water quality beneficial projects for each federal dollar invested	210%	207%	190%	181%
#2-Percentage of Closed (executed) Loans to Funds Available For Loans - Shows the amount of signed loan agreements compared to the amount of funds available for loans	94%	99%	101%	97%
#3-Percentage of Funds Disbursed to Closed Loans - Shows the amount of funds actually disbursed compared to the amount of signed loan agreements	90%	86%	80%	83%
# 4-Benefits of Leveraging - (generating additional SRF funds by issuing bonds)	N/A	N/A	N/A	N/A
#5-Perpetuity of Fund - Demonstrates whether the program is maintaining its contributed capital. A positive result indicates the Program is maintaining its capital base	\$137,827,704	\$146,392,568	N/A	N/A
#6-Estimated Subsidy - An estimate of the SRF interest rate subsidy, stated as a percentage of the market rate. (Market rate for 2010 was 4.4%)	48%	48%	56%	59%

Table 2: Ecology SRF Financial Indicators

⁸ Regional Average includes data for Alaska, Idaho, Oregon, and Washington. Data is from the Clean Water National Information Management System, CWNIMS.

⁹ National Average is for states that have not leveraged, except for Indicator #6 which averages all states. Data is from the Clean Water National Information Management System, CWNIMS.

Required Actions

Required Action #1: Ensure that Wilbur (Loan #L1000015) amends its construction contracts to include EPA's required Davis Bacon construction contract language and the correct federal wage determination(s).

Required Action #2:

Submit revised 5700-52A DBE utilization quarterly reporting forms for CS53000107: FFY09-Q4 through FFY11-Q2, for a total of seven quarterly updates.

Please send (electronic or print) copies of the above-mentioned revised quarterly reports by April 23, 2012 to:

Greg Luchey, DBE Coordinator, EPA Region 10, Grants Administration Unit,
1200 Sixth Avenue, Suite 900, Mailcode: OMP-145, Seattle, WA 98101.

Recommended Action

Recommended Action #1: Incorporate a table similar to *Table 1: Timely and Expeditious Use of Funds Analysis* (above) in IUPs and annual reports. This practice is strongly encouraged: it helps clarify Ecology's timely obligation of total funds available while at the same time providing this important information to the public.

Base Program Annual Review Checklists

ANNUAL REVIEW PROGRAMMATIC AND FINANCIAL CHECKLISTS	A-01
FILE REVIEW CHECKLIST #1: EVERETT (LOAN # L1000022)	A-13
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Use of these Checklists

The checklists that follow are designed to provide a convenient method for ensuring that the annual review has addressed all of the major review elements. The checklists are organized by topic for easy reference and do not represent a suggested order for conducting the review. For example, project file reviews may touch on many different annual review topics and the checklists provide a mechanism to quickly locate the topic and record the findings while moving from one topic to another. Once the review is completed, all of the topics must either be specifically addressed or noted as not being covered during this review. If an area was not reviewed, note the reason for not reviewing it and any future review activities.

For the items that are reviewed, the requested information on the checklist must be completed noting your findings. Make sure to check all data sources that were used in determining the findings. Pertinent attachments should be added to the checklists and referred to as is appropriate. The checklists must be used as your work papers for the overall evaluation and a reference document in the future to prepare for the next annual review.

It should be noted that the checklist topics are references and are not intended to be comprehensive statements of each program item. Other supporting documents, such as the Annual Review Guidance, program documents provided in the SRF Document Library, the SRF Audit Compliance Supplement, the EPA SRF Financial Planning Model, and many other SRF related information and tools should be utilized to delve in depth into specific review topics.

REVIEW CHECKLIST

SRF Annual Review Information Sheet

Print Information Sheet

State Under Review: Washington

DW or CW Program: CW

Annual / Biennial Report Received: 01/25/2011

Annual Audit Received: May 24, 2011

Audit Year: SFY2010

For SRF Fiscal Year Beginning: 7/1/2009

Ending: 6/30/2010

State Contact: Cindy Price

Phone No. 360-407-7132

EPA Review Team:

Team Lead	<u>Michelle Tucker</u>
Financial Analyst	<u>Chris Castner</u>
Project Officer	<u>David Carcia</u>
Financial Analyst	<u>Mike Cox</u>

State Staff Interviewed

Loan Program Manager	<u>Steve Carley</u>
Policy & Administration Unit Supervisor	<u>Jeff Nejedly</u>
CWSRF Program Coordinator	<u>Cindy Price</u>
SERP Coordinator	<u>Alice Rubin</u>
Engineer	<u>David Dunn</u>
Financial Manager	<u>Bill Hashim</u>
Financial Manager	<u>Tammie McClure</u>
Program Analyst	<u>Joseph Coppo</u>

Project Files Reviewed: Everett (City of) Loan (#L1000022)

Kittitas County Loan (#L1000032)

Vancouver (City of) Loan (#L1000018)

Wilbur (Town of) Loan (#L1000015)

	First Team Meeting	Second Team Meeting	On-Site Visit	Draft PER	Final PER
Estimated Date:	<u>4/15/2011</u>	<u>5/2/2011</u>	<u>05/17/2011-05/19/2011</u>	<u>8/19/2011</u>	<u>09/19/2011</u>
Actual Date:	<u>4/21/2011</u>	<u>5/2/2011</u>	<u>05/17/2011-05/19/2011</u>	<u>11/10/2011</u>	<u>03/16/2012</u>

Print Summary

Worksheet 1

Print Details

Required Program Elements

Review Item and Questions to Answer reference to guidance manual	Yes	No	N/A	Comments	Data Sources (check all that apply)
1.1 Annual / Biennial Report					
1 Does the State's Annual / Biennial Report meet all requirements?	X				X Report Date 1/25/2011
a. Reports on progress towards goals and objectives	X				X Report Date 1/25/2011
b. Reports on use of funds and binding commitments	X				X Report Date 1/25/2011
c. Reports on the timely and expeditious use of funds	X				X Report Date 1/25/2011
d. Identifies projects and types of assistance provided.	X				X Report Date 1/25/2011
e. Includes financial statements and cross-references independent audit report	X			The annual report includes unaudited financial statements. Audited financial statements issued with SFY2010 state audit report (May 2011).	X Report Date 1/25/2011
f. Provides overall assessment of the SRF's financial position and long-term financial health	X				X Report Date 1/25/2011
g. Demonstrates compliance with all SRF assurances	X				X Report Date 1/25/2011
h. Demonstrates compliance with SRF program grant conditions	X				X Report Date 1/25/2011
i. Demonstrates that the highest priority projects listed in the IUP were funded (DW only)			X		X Report Date 1/25/2011
j. Documents why priority projects were bypassed in accordance with state bypass procedures and whether state complied with bypass procedures.	X				X Report Date 1/25/2011
k. Documents use of set-aside funds (see set-aside sheet for details)	X				X Report Date 1/25/2011
2 Was the Annual / Biennial Report submitted on time?	X			Ecology met the extended due date that EPA granted because of the states ARRA workload	X Report Date 1/25/2011
3 If the State assesses the environmental and public health benefits of projects, are the benefits discussed in the Annual/Biennial Report? If the answer is yes, the comment section should contain an explanation.	X			Clean Water Benefits Reporting "one pagers" summary included with the Annual Report	X Report Date 1/25/2011
1.2 Funding Eligibility					
1 Are projects receiving assistance eligible for funding?	X				X Project Files
2 Is documentation being received from assistance recipients to support the amount and eligibility of disbursement requests?	X				X Project Files - Pay Request Documentation
3 Does the State have controls over SRF disbursements to ensure that funds are used for eligible purposes?	X				X Project Files - Pay Request Documentation
4 Is the state meeting the 15% small system requirement? (DW only)			X		

Print Summary

Worksheet 1

Print Details

Required Program Elements

Review Item and Questions to Answer reference to guidance manual	Yes	No	N/A	Comments	Data Sources (check all that apply)
5 Does the State have procedures to ensure that systems in significant noncompliance with any NPDWR are not receiving assistance, except to achieve compliance? (DW only)			X		
1.3 Compliance with DBE Requirements					
1 Is the State complying with all DBE requirements (setting goals, six affirmative steps and reporting)?	X			This year's review identified one reporting glitch: Ecology's internal reporting procedures associated with generating the aggregate 5700-52A reports for SFY2010. This issue has been addressed and Ecology will need to provide confirmation that the proposed solution is working. See PER Required Action #2.	X Grant / Operating Agreement, DBE Reporting Forms
2 Are assistance recipients complying with all DBE requirements?	X			File reviews found that the series 6100 forms and the DBE statement in Appendix A were not included in bid documents.	X Bid Documents in project files and DBE Reporting Forms
1.4 Compliance with Federal Cross-Cutting Authorities (Cross-Cutters)					
1 Is the State complying with applicable federal cross-cutting authorities?	X				X Project Files, Grant / Operating Agreement
2 Is the State ensuring that assistance recipients are complying with all applicable federal cross-cutting authorities?	X				X Project Files
3 Were there any issues which required consultation with other State or Federal agencies?	X			Everett and Wilbur consulted on NHPA Section 106 and Everett required consultation on ESA.	X Project Files
a. What did the consultation conclude with regard to compliance with the cross-cutter?				Wilbur: DAHP suggested a cultural survey for Wilbur. THPO only requested that it be contacted if there was an archaeological discovery during construction. Everett NHPA Section 106: OAHF was contacted and concurred that the Area of Potential Effect was limited to the existing street and reservoir site (OAHF 2003) June 2004 HR EA; Section 3.1.19. Everett ESA: Proposed project received MA/NLAA concurrence letters from USFWS and NMFS documenting project compliance with ESA consultation.	X Project Files
1.5 Compliance with Environmental Review Requirements					
1 Are environmental reviews being conducted in accordance with the State's approved environmental review procedures (SERP)?	X				X Project Files, SERP, Annual Report, Staff Interview
2 Does the State document the information, processes, and premises leading to decisions during the environmental review process?	X				X Project Files; Staff interviews
a. Decisions that projects meet requirements for a categorical exclusion (CE) or the State equivalent?			X		X project file
b. Environmental Assessment (EA)/Findings of No Significant Impacts (FONSI) or the state equivalent.	X			Everett (L1000022), Kittitas (L1000032), and Wilbur (L1000015) both had documentation of a Determination of Non Significance (DNS), which is what the WA State FONSI is called.	X project file

Print Summary

Worksheet 1

Print Details

Required Program Elements

Review Item and Questions to Answer <i>reference to guidance manual</i>	Yes	No	N/A	Comments	Data Sources (check all that apply)
c. Decisions to reaffirm or modify previous SERP decisions.	X			Kittitas (L1000032) reaffirmed the DNS because it was made five years earlier.	X project file
d. Environmental Impact Statement (EIS)/Records of Decisions (RODS) or the State equivalent.			X		
3 Are public notices and meetings, as required by the SERP, provided during the environmental review process?	X				X Project Files
4 Are documented public concerns being addressed/resolved by the State in the environmental review process?	X				X Project Files
5 Do environmental reviews document the anticipated environmental and public health benefits of the project?	X				X Project Files
1.6 Operating Agreement					
1 Is the State's Operating Agreement up to date reflecting current operating practices?	X				
a. Program administration	X				X Operating Agreement, p. 2
b. MOUs			X		
c. Description of responsible parties	X				X Operating Agreement, p. 2
d. Standard operating procedures	X				
1.7 Staff Capacity					
1 Does the State have staff, in terms of numbers and capability, to effectively operate the SRF?	X			Late last year Ecology added SERP/cross cutter staff	X Staff Interviews
a. Accounting & Finance	X				X Staff Interviews
b. Engineering and field inspection	X				X Staff interviews
c. Environmental review / planning	X				X Staff interviews
d. Management	X				X Staff interviews
e. Management of set-asides (DW only)			X		
2 Does the program have an organizational structure to effectively operate the SRF?	X				X Organizational Chart, Staff interviews
1.8 DWSRF Withholding Determinations					
1 Did the State document ongoing implementation of its program for ensuring demonstration of new system capacity?			X		
2 Did the State document ongoing implementation of its capacity development strategy?			X		

Print Summary

Worksheet 1

Print Details

Required Program Elements

Review Item and Questions to Answer <i>reference to guidance manual</i>		Yes	No	N/A	Comments	Data Sources (check all that apply)
3	Did the State document ongoing implementation of its operator certification program?			X		
1.9 Davis-Bacon Requirements						
1	Did the State include Davis-Bacon requirements in assistance agreements?	X				X Loan Agreement p. 11 Attachment 4
2	Do project files contain appropriate documentation demonstrating that the assistance recipient has complied with Davis-Bacon requirements?		X		Wilbur had link to USDOL, Wage and Hour Division website http://www.dol.gov/esa/whd/contracts/dbra.htm and a link to the Wage determinations http://www.wdol.gov . Loan agreement indicates that the contract language contain the language from the loan agreement. However, there is no indication that the grant term and condition was included in the contracts. See Required Action #1 in PER text.	

ANNUAL REVIEW CHECKLIST

Print Summary

Worksheet 2

Print Details

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
2.1 State Match					
1 Has the State provided match equal to 20 percent of the grant amount?				The cumulative amount of appropriated state match funds, \$95,262,361 is reported in the Washington program's annual report, which meets the required 20% for cumulative base program federal grants through SFY2010.	X Audited Financial Statements
2 Was each match amount deposited at or before the federal cash draw?	X			Statements verify that the Washington program is meeting this requirement.	X Annual / Biennial Report
3 What is the source of the match (e.g., appropriation, State GO bonding, revenue bonds, etc.)?	X			CWSRF state match comes from a WA State appropriation. Cash draw transactions and audited SFY 2009. SFY 2010 Financial Statements verify that the Washington program is meeting this requirement.	X State Accounting Records Review
4 Are match funds held outside the SRF until the time of cash draws?	X				Annual / Biennial Report & Audited Financial Statements
5 If bonds are issued for state match, and the SRF is used to retire these bonds, do the bond documents clearly state what funds are being used for debt service and security?					Audited Financial Statements & State Accounting Records Review
a. Has the state match structure been approved by Headquarters?			X		
6 Is the state match bond activity consistent with the approved state match structure?			X		
2.2 Binding Commitment Requirements					
1 Are binding commitment requirements being met?	X				X Loan Agreements / Staff discussions / Annual Report
a. Are cumulative binding commitments greater than or equal to cumulative grant payments and accompanying State match within one year of receipt of payment?	X			Binding Commitments exceed the required 120 percent of cumulative capitalization grants through June 30, 2010.	X Staff Discussions and Audit Report
2 Are binding commitments documented in the project files?	X			All project files reviewed had documentation of signed loan agreements, which serve as Ecology's CWSRF binding commitments.	X Project Files
a. Do the commitment dates match reported commitments in the Annual/Biennial report?	X				X Annual Report
3 Is there a significant lag between binding commitments, loan execution, or the actual start of the projects?		X			X Staff discussions in prior year
a. What is the typical and longest lag from binding commitment to project start?			X		
b. How many projects have never started?			X		

ANNUAL REVIEW CHECKLIST

Print Summary

Worksheet 2

Print Details

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
c. How many projects have been replaced because they never started?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
d. If this problem exists, is it recurring? If so, what steps are the State taking to correct the situation?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
2.3 Cash Draws					
1 Has the State correctly adhered to the "Rules of Cash Draw" ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No comments received according to Dan Buller (Varela Associates, Inc.) phone call 10/23/2001	<input checked="" type="checkbox"/> Project disbursement requests, Accounting transactions; and Federal draw records (IFMS)
2 Does a review of specific cash draw transactions confirm use of correct proportionality percentages?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	EPA verified that correct processes are being followed for disbursing state match into the fund in the required proportion.	<input checked="" type="checkbox"/> Same sources as for 2.3.1 above.
3 For leveraged states, what proportionality ratio is the state using to draw federal funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4 Have any erroneous payments/cash draws/disbursements been discovered and, if so, what corrective steps are being taken?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cash draws tested: 8/29/2009 \$2,537,393; 12/9/2009 \$4,21,653; 04/3/2010 \$128,158; and 06/4/2010 \$1,546,683.	<input checked="" type="checkbox"/> Project Files
5 Does a review of specific Project cash draw transactions confirm the use of federal funds for eligible purposes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Same transactions as listed in 2.3.1 above	<input checked="" type="checkbox"/> Same sources as for 2.3.1 above.
6 Does a review of specific Administrative cash draw transactions confirm the use of federal funds for eligible purposes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Same transactions as listed in 2.3.1 above	<input checked="" type="checkbox"/> Same sources as for 2.3.1 above.
2.4 Timely and Expeditious Use of Funds					
1 Is the State using SRF funds in a timely and expeditious manner?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Although the annual report states that funds were carried forward from the SFY2010 funding cycle, a thorough review by EPA, in cooperation with Ecology, found that these funds had actually been committed: See PER text, Program Highlight, Table 1: Timely and Expeditious Use of Funds showing that Ecology committed just over 100% of total funds available.	<input checked="" type="checkbox"/> Binding commitments; NIMS (lines 100 & 282), and Annual Report
a. Does the fund have large uncommitted balances?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/> Same Sources as marked for 2.4.1 .
b. Does the fund have large balances of undrawn federal and state funds?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/> Same Sources as marked for 2.4.1 .
c. Are the uncommitted balances growing at a faster annual percentage rate than the growth of the total assets of the SRF?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/> NIMS (lines 100 and 282)

ANNUAL REVIEW CHECKLIST

Print Summary

Worksheet 2

Print Details

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
2 Does the State need to improve its use of funds to ensure timely and expeditious use? Has the state developed a plan to address the issue?		X		EPA and Ecology Fiscal staff conducted a "mathematical" exercise in June 2011 that confirmed Ecology is committed 102% of available funds in SFY2010. However, this exercise also highlighted that this data are not easily or readily accessible to Ecology. EPA recommends that Ecology regularly verify the amount of total funds available. See Recommended Action #1 in the PER text.	X Detailed T&E Exercise June 2011
3 If the state was required to develop a plan demonstrating timely and expeditious use of funds, is progress being made on meeting this plan?			X		
2.5 Compliance with Audit Requirements					
1 Are annual audits being conducted by an independent auditor?	X				X SFY 2010 audit report dated May 23, 2011
a. Who conducted the most recent audit?				The audit is issued by Washington State Auditor's Office	X SFY 2010 audit report dated May 23, 2011
b. Did the program receive an unqualified opinion?		X			X SFY 2010 audit report dated May 23, 2011
c. Were there any significant findings? (Briefly discuss the findings.)				Audit found no material weaknesses or significant findings of Ecology's CWSRF financial statements, but did identify an internal controls issue concerning compliance with Debarred and Suspended. EPA reviewed the response by Ecology in which certain additional steps will be implemented to address this finding and EPA accepts the corrective actions taken by Ecology to resolve the issue. See PER text for more information.	X SFY 2010 audit report dated May 2011
d. Is the program in compliance with GAAP?	X				X SFY 2010 audit report dated May 2011
2 Does the annual audit confirm compliance with State laws and procedures?	X				X SFY 2010 audit report dated May 2011
a. Did the audit include any negative comments on the state's internal control structure?	X				X SFY 2010 audit report dated May 2011
b. Did the audit identify any erroneous payments/cash draws/disbursements?		X			X SFY 2010 audit report dated May 2011
c. Has the State taken action to recover the improperly paid funds?			X		X SFY 2010 audit report dated May 2011
3 Has the program implemented prior audit recommendations and/or recommendations in the "management" letter?	X				
4 Are the states cash management and investment practices consistent with State law, policies, and any applicable bond requirements?	X				
a. Is the SRF earning a reasonable rate of return on invested funds?	X				X Audit
5 Are State accounting procedures adequate for managing the SRF?	X				X Staff interviews/ accounting record review
a. Do the State's accounting procedures include internal control procedures for state-purchased equipment?			X		X Staff interviews/ accounting record review
6 Are loan recipients providing single audits?	X				X Fiscal Staff Interviews

ANNUAL REVIEW CHECKLIST

Print Summary

Worksheet 2

Print Details

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
a. Is the State reviewing the loan recipient audits and resolving issues?	X				X Staff discussions
b. Does the State ensure that assistance recipients are adhering to GAAP accounting requirements?	X				X Staff discussions
2.6 Assistance Terms					
1 Are the terms of assistance consistent with program requirements?	X				X IUP / Loan Agreements
a. Are interest rates charged between 0% and market rates? (except as allowed for principal forgiveness)	X				X IUP / Loan Agreements
b. Do principal repayments start within one year of project completion and end within 20 years, for all non-extended term projects with non-extended loan repayment terms?	X				X IUP / Loan Agreements
c. Does the program use extended terms or principal forgiveness to the extent it is allowable? (If so report the percentage of project funding in these categories.)	X				X Annual Report, p. 7
2 Does the State periodically evaluate the terms of assistance offered relative to the supply and demand for funds and the long-term financial health of the fund?	X				
2.7 Use of Fees					
1 Does the program assess fees on their borrowers?			X	WA does not charge fees at this time	X IUP / Loan Agreements
a. What is the fee rate charged and on what basis (e.g., percentage of closing amount, principal outstanding, principal repaid, etc.)?			X	WA does not charge fees at this time	X IUP / Loan Agreements
b. Are fees being used in accordance with program requirements?			X	WA does not charge fees at this time	X IUP / Loan Agreements
2 Does the State periodically evaluate the use of fees relative to loan terms to set appropriate total charges to borrowers and assess long-term funding needs to operate the program?	X			While WA does not charge fees as of the time of this review, they are considering a proposal to do so in the future.	X Staff interviews
3 Does the State have procedures for accounting and reporting on its use of fees?			X	WA does not charge fees at this time	X IUP / Loan Agreements
2.8 Assessment of Financial Capability and Loan Security					
1 Does the State have procedures for assessing the financial capability of assistance recipients? (CW only)	X				X Financial Capability Review Procedure and Loan applications in project files

ANNUAL REVIEW CHECKLIST

Print Summary

Worksheet 2

Print Details

Required Financial Elements

Review Item and Questions to Answer	Yes	No	N/A	Comments	Data Sources (check all that apply)
2 Are the financial capability policies and procedures being followed? (CW only)				All projects reviewed had documentation of adequate financial capability reviews, except Vancouver, which is one of Ecology's 319 projects. Vancouver was signed before Ecology fully implemented its currently practice of conducting and documenting capability reviews on all projects. Interviews with staff indicate that financial managers now follow this new practice. EPA will monitor the success of this effort during our SFY2011 program evaluation. No action is required at this time.	X Financial Capability Review Procedures and Loan approval documentation
3 Does the state have procedures for assessing the technical, financial, and managerial capability of assistance recipients? (DW only)			X		
4 Are the technical, financial, and managerial review procedures being followed? (DW only)			X		
5 Do assistance recipients have a dedicated source of revenue for repayment or, for privately-owned systems, adequate security to assure repayment?	X				X Financial Capability Review Procedures and Loan approval documentation
6 Do assistance recipients have access to additional funding sources, if necessary, to ensure project completion?			X		
2.9 Financial Management					
1 Is the SRF program's financial management designed to achieve both short- and long -term financial goals?	X				X Annual Report, Staff interviews
a. Do the Financial Indicators show progress in the program in funding the maximum amount of assistance to achieve environmental and public health objectives?	X				
2 Does the State have a long-term financial plan to direct the program?	X				X Annual Report / Staff Interviews
a. Was financial modeling used to develop the plan?	X				X Staff interviews of previous year
b. Is the plan periodically reviewed and updated?	X				X Staff interviews of previous year
c. Does planning address types of assistance and terms, use of leveraging, and transfers or cross-collateralization between programs?	X				X Staff interviews of previous year
3 Are funds disbursed to assistance recipients in a timely manner?	X			Financial Indicator #3 from NIMS data shows a disbursement to signed loans rate of 86%, which is above the national average this year.	X Staff interviews of previous year

ANNUAL REVIEW CHECKLIST

Print Summary

Worksheet 2

Print Details

Required Financial Elements

Review Item and Questions to Answer		Yes	No	N/A	Comments	Data Sources (check all that apply)	
4	Has the State resolved any issues related to loan restructuring, the potential for defaults, and the timeliness of loan repayments?	X			Ecology's original financial capability assessment indicated that Kittitas was at higher risk of default. Eastern regional staff and Ecology HQ staff worked closely with the community fiscally sound path forward based upon a dedicated revenue source. EPA commends Ecology on this stellar effort at helping a small community project.	X	Staff interview / Project Files
5	Are net bond proceeds, interest earnings, and repayments being deposited into the fund?			X			
6	If the State leverages, is its leveraging activity consistent with the accepted leveraging structure?			X			
7	Are leverage and state match bond documents consistent with SRF regulations?			X			

During our SFY 10 review , we reviewed 4 cash draw transactions.
No erroneous payments were discovered or noted during this review.

FILE REVIEW CHECKLIST

State: Washington CWSRF

Reviewer: David Garcia

Project: Everett (City of) (Loan #L1000022)

Review Date: 4/26/2011

Required Programmatic Elements Everett (City of) - Loan #L1000022

Review Item and Question to Answer		Yes	No	N/A	Comments
1.1 Funding Eligibility					
1	File contains a signed application from the recipient	X			Application signed on 3/13/2009 by Tom Thetford, Utilities Director
2	The assistance recipient is eligible for CWSRF/DWSRF assistance	X			City of Everett
3	As described in the file, the project is eligible for CWSRF/DWSRF financing	X			Application (3/13/2009) states the project involves Wastewater Treatment Needs and Combined Sewer Overflow correction.
4	File documents the anticipated environmental and public health benefits of the project	X			Application states that city of Everett Bond Street CSO Control Facilities will reduce combined sewer over flows to one event per year at Puget Sound Outfalls No. 4-7 (PS04, PS05, PS06, PS07) in accordance with Washington state law (WAC 173-245).
5	All technical documents required by the state for the type of project have been submitted (pre-engineering reports, plans & specs, etc.)	X			For both contracts (Lift Station #5 & Bond Street Interceptor) Declaration of Construction of Water Pollution Control Facilities was sent to the Bellevue office. Project or Phase completed 9/30/2010 form signed by WA state engineer 4/27/2011; plan & specs. Approval date 3/5/3009.
6	The technical documents were reviewed and approved by the state in accordance with their established procedures	X			1) 2005 CSO Control Facility Plan Update Approval Letter (12/20/2005) signed by Kevin Fitzpatrick (Water Quality Section Manager); 2) Plans and Specifications for five contract packages were approved (03/05/2009) by Ecology in accordance with RCW 90.48.110 and Chapters 173-98 & 240 of WAC rules: Bond Street Retention Treatment Basin, Bond Street Interceptor, Lift Station 2 Force Main Extension, Lift Station 3 Reverse Flow Pumps, Lift Station 5 Force Main
7	ARRA: The project and recipient are eligible for ARRA funding (e.g. no zoos, casinos, golf courses, land purchases, etc.)			X	Not an ARRA Project
8	ARRA: All funds are under contract or construction by February 17, 2010			X	Not an ARRA Project
9	ARRA: For refinance projects, the initial debt was incurred between October 1, 2008 and February 17, 2009			X	Not an ARRA Project
10	ARRA: No construction contracts signed or construction work begun prior to Oct. 1, 2008 on any ARRA-funded portion of the project			X	Not an ARRA Project
1.2 CBR/PBR					
1	Information in the file supports the project data entered in CBR/PBR	X			
1.3 Socio-Economic and Other					
1	File includes a completed EPA Form 4700-4	X			4700-4 form signed (1/11/2010) by mayor of Everett
2	Project file includes a certification from the assistance recipient confirming compliance with EEO and Non-Segregated activities	X			EEO and NonSegregated Facilities certifications signed and dated 12/7/2009
1.4 State Environmental Review					
1	The project is subject to the State Environmental Review Process (SERP) [N/A for nonpoint source projects]	X			
2	File includes an information document from the assistance recipient that includes the following:				
	a. Discussion of required mitigation measures	X			In addition to planning to halt construction in the immediate vicinity of any inadvertently discovered archaeological or historical materials, mitigation measures also include avoidance of prolonged periods of vehicle idling, engine powered equipment, use of water truck in dryer months to control dust, silt fences, storm drain covers. City of Everett North End Stormwater Control Facilities Modifications Environmental Assessment June 2004 Prepared by HDR, Inc. Bellevue, 500 108th Ave. NE, Washington 98201 (June 2004 HDR EA).

FILE REVIEW CHECKLIST

Required Programmatic Elements Everett (City of) - Loan #L100022			
	b. Analysis of other sites considered, as appropriate	<input checked="" type="checkbox"/>	Project involves upgrades to an existing facility
	c. Analysis of other projects considered, as appropriate	<input checked="" type="checkbox"/>	Project involves upgrades to an existing facility
3	File contains a state Environmental Assessment document [N/A for projects receiving a categorical exclusion]	<input checked="" type="checkbox"/>	City of Everett North End Stormwater Control Facilities Modifications Environmental Assessment June 2004 Prepared by HDR, Inc. Bellevue, 500 108th Ave. NE, Washington 98201 (June 2004 HDR EA)
4	File contains the state's decision memo documenting one of the following:	<input checked="" type="checkbox"/>	
	a. Decision to classify the project as a Categorical Exclusion (CE)	<input checked="" type="checkbox"/>	EPA FNSI signed by Mike Gearheard 6/1/2005
	b. Decision to grant a Finding of No Significant Impact (FNSI)	<input checked="" type="checkbox"/>	
	c. Decision to require an Environmental Impact Statement (EIS)	<input checked="" type="checkbox"/>	
5	File includes evidence of public notification of CE/FNSI/EIS in accordance with the SERP	<input checked="" type="checkbox"/>	No comments received according to Dan Buller (Varela Associates, Inc.) phone call 10/23/2001
	a. The comment period was in accordance with state procedures	<input checked="" type="checkbox"/>	Public comment was open for 30 day, which meets state requirements
	b. The state addressed all comments appropriately	<input checked="" type="checkbox"/>	EPA received only one comment, which was in support of the project. EPA email dated 10/27/2005
6	File contains documentation of compliance with the Endangered Species Act, including state equivalents	<input checked="" type="checkbox"/>	No direct impacts on listed-species. June 2004 HDR EA; Section 4.14. Follow up documentation indicates concurrence from the services for a MA/NLAA for the proposed project as required by ESA Section 7.
7	File contains documentation of concurrence from the State Historic Preservation Office	<input checked="" type="checkbox"/>	DAHP was contacted and concurred that the Area of Potential Effect was limited to the existing street and reservoir site (OAHP 2003) June 2004 HR EA; Section 3.1.19.
8	File contains documentation of compliance with Wild and Scenic Rivers Act	<input checked="" type="checkbox"/>	There are no Wild and Scenic Rivers within or adjacent to the project area. June 2004 HR EA; Section 3.2 states
9	File contains documentation of compliance with the Coastal Zone Management Act	<input checked="" type="checkbox"/>	There are no coastal zone areas within or adjacent to the project area. June 2004 HR EA; Section 3.2.
10	File contains documentation of compliance with the Coastal Barriers Resources Act [Louisiana and Texas only]	<input checked="" type="checkbox"/>	
11	File contains documentation of compliance with the Farmland Protection Act	<input checked="" type="checkbox"/>	Project improvement are entirely within the existing road right-of-way or City-owned property. June 2004 HR EA; Section 4.16.1
12	File includes documentation assessing the possible location of wetlands in the project area	<input checked="" type="checkbox"/>	There are wetlands south of the Bond Street project away from the construction zone, but they will not be impacted. Final Bond Street Stormwater Facility wetland and Stream Report (p. 5, Section 5.1).
13	File includes documentation assessing the possible location of floodplains in the project area	<input checked="" type="checkbox"/>	There are no floodplains within or adjacent to the project area. June 2004 HR EA; Section 3.2.
14	File includes documentation showing compliance with the Clean Air Act	<input checked="" type="checkbox"/>	Air impacts are anticipated to be minimal and temporary during construction; Mitigation includes avoiding prolonged vehicle idling and engine-powered equipment. If construction occurs in dryer months, then dust would be controlled by the use of water trucks. June 2004 HR EA; Section 4.1.1 & 5.1.1.
15	File includes evidence of consultation with the state groundwater program office or EPA Regional Office of Groundwater to identify any EPA-designated sole source aquifers in the vicinity of the project	<input checked="" type="checkbox"/>	There are no sole source aquifers within or adjacent to the project area. June 2004 HR EA; Section 3.2.

FILE REVIEW CHECKLIST

Required Technical Elements - Everett (City of) (Loan #L1000022)

Review Item and Question to Answer		Yes	No	N/A	Comments
2.1 Green Project Reserve (GPR)					
1	The project description provides sufficient detail to classify the project as eligible for inclusion in the Green Project Reserve			X	Not a GPR project.
2	File includes a business case (for non-categorical green projects)			X	
2.2 Bid and Procurement					
1	Project file contains RFP/bid documentation	X			
a.	Project file includes evidence that the state has reviewed and approved the bid documents	X			12/08/2009 bid tabulation with 16 bids broken out to the level of 28 line items each compared with the City of Everett's Engineer's estimate for the project.
2	Project file includes tabulation of bids	X			12/08/2009 bid tabulation for the Bond Street Interceptor with 16 bids broken out to the level of 28 line items each compared with the City of Everett's Engineer's estimate for the project.
3	Selected bid is included in the file	X			\$640,436.16 Shoreline Construction Co. contract dated 12/29/2009 signed by Shoreline Principal, City Attorney, Approval signature by Mayor, and signed by City Clerk. Shoreline appears to be the lowest bidder for the Bond Street Interceptor work. \$248,349.16 Plats Plus, Inc. contract signed 12/31/2009 by Vice President of Plats Plus, City Attorney, the Mayor of Everett, and the City Clerk signed on 1/20/2009.
a.	If other than the lowest bid was selected, an explanation is provided			X	Plat Plus and Shoreline Construction Co. appear to be the lowest, responsive, responsible bidders respectively for the contracts bid.
4	The bid documents include Disadvantaged Business Enterprise (DBE) requirements	X			Bond Street Instructions to Bidders (section 1.12) December 2008
a.	The bid documents provide DBE forms 6100-2, 6100-3 and 6100-4	X			Everett signed 6100 forms dated 4/26/11 that were supplied at the time of the review.
b.	Assistance recipient has submitted semi-annual DBE reports on subcontracting procurements to the state [DBE form 5700-52A or equivalent] [note: these forms may be located elsewhere]	X			Ecology submitted 5700-52A equivalent (attachment 7) to EPA for second, third, and fourth federal fiscal quarters. All of these quarterly reports state that zero DBE dollars were spent.
5	The bid was advertised for the correct length of time as established by state rules	X			Affidavit of Publication The Herald 11/13/2009 and 11/16/2009. Bids opened on 12/08/2008, AND Affidavit of Publication for Daily Journal of Commerce for the same days plus 11/17/2009. This meets the 14 days public notice requirement (cite WAC here).
6	The bid documents include Equal Employment Opportunity and Anti-Discrimination provisions	X			Section 1.11 of the December 2008 bid documents for Lift Station 5 and Bond Street Interceptor/CSO Control Facilities (W.O. UP2770) approved on 3/5/2009 by Laura Fricke. Also addressed in the Section 1.22 bid document inserts (24 pages), which include EEO and Anti-Discrimination provisions.
7	Bid documents or construction contracts prohibit the use of contractors or subcontractors who have been suspended or debarred by the Federal government	X			Section 1.22 bid document inserts (24 pages), which include suspended and debarred requirements. Everett project file did not originally contain compliance documentation, but the recipient provided a EPLS search as follow up material, which was independently reviewed by Ecology and placed in the project file.
8	Bid documents include Buy American terms and conditions			X	not an ARRA project
9	Bid documents include Davis-Bacon requirements		X		The original bid documents state that the contractor will ensure wages are in accordance with Davis-Bacon and provides links to Department of Labor website for wage determination, but did not include the EPA required terms and conditions. However, EPA Davis-Bacon language was later amended into the construction contracts through addendum #4. (see section 2.3.2(b) below).
a.	Bid documents include Federal wage determinations for the project		X		Bid documents only had a link to Department of Labor wage determination website, but wage determination was added to the through contract addendum #2 (see section 2.3.2 below).
b.	For assistance recipients that are non-profit organizations: The state obtained and reviewed wage determinations prior to bid advertisements to ensure compliance with Davis-Bacon requirements			X	

FILE REVIEW CHECKLIST

Required Technical Elements - Everett (City of) (Loan #L1000022)

Review Item and Question to Answer		Yes	No	N/A	Comments
2.3 Construction Contracts					
<i>[Note: states are not required to obtain copies of construction contracts]</i>					
1	ARRA: Construction contracts include Buy American terms and conditions			X	not an ARRA project.
2	Construction contracts require the contractor to comply with Davis-Bacon requirements	X			Specifically, Contract Addendum #2 (W.O. No. 3408), item 3 (received by Ecology on 12/27/2010) adds Davis-Bacon language as required in the winning bidders contract at 1-07.9(1) General section of the contract.
a.	Contracts include a reference to the Federal wage determination(s) applicable to the contract	X			Project file contains correct wage determination titled General Decision WA20080115 for 9/25/2009. It was added through[Addendum #4, Item 4] according to Everett Public Works Memo dated and signed 2/4/2010 regarding Shoreline Construction contract page 2, item 6.
b.	Construction contracts include Davis-Bacon contract provisions from EPA grant terms and conditions	X			Davis-Bacon contract provisions from the EPA terms and conditions amended into the contract through Bid Addendum #2 (W.O. No. 3408), item 3 (received by Ecology on 12/27/2010) adds Davis-Bacon language as required in the winning bidders contract at 1-07.9(1) General section of the contract.
2.4 ARRA Reporting					
1	Project file includes documentation from the assistance recipient indicating compliance with Davis-Bacon for each weekly payroll	X			While this is not an ARRA project, Davis-Bacon still applies in SFY2010. The project file contained payroll Cert. for the week of 4/3/2010 week and an Affidavit of Wages Paid (284374) from the Department of Labor and Industries which details number and category of workers used and wages paid indicates Davis-Bacon wages were paid for that pay
2	Project file includes quarterly reports on job creation and retention			X	No ARRA project
3	For projects covered by Buy American waiver, documentation for the waiver is included in the project file.			X	No ARRA project
4	For projects that received a project-specific Buy American waiver, documentation for the waiver is included in the project file			X	No ARRA project
5	File includes documentation from the assistance recipient on utilization of the Buy American determination			X	No comments received according to Dan Buller (Varela Associates, Inc.) phone call 10/23/2001
2.5 Inspection Reports					
1	Project file includes copies of inspection reports prepared by the state or its representative	X			12/18/2009 Bond Street Interceptor K. Ziebart; Notice to Proceed was issued 2/2/2010, substantial completion 4/18/2010.
2	Inspections were performed at intervals in accordance with the state's procedures (e.g., monthly during construction, quarterly, etc.)	X			
3	ARRA: Inspection reports noted issues or concerns regarding compliance with Buy American			X	not an ARRA project
a.	All issues or concerns were appropriately resolved			X	not an ARRA project
4	ARRA: Inspection reports noted issues or concerns regarding eligibility for the Green Project Reserve			X	not an ARRA project
a.	All issues or concerns were appropriately resolved			X	not an ARRA project
5	Inspection reports noted issues or concerns regarding compliance with Davis-Bacon requirements		X		Inspection report mentions the project site posted Davis-Bacon wages and EEP information, but does not indicate that there were any concerns.
a.	All issues or concerns were appropriately resolved			X	no concerns were identified
6	ARRA: Inspection reports noted issues or concerns regarding information previously reported on jobs created and retained			X	not an ARRA project
a.	All issues or concerns were appropriately resolved			X	not an ARRA project
7	ARRA: project file includes evidence that the ARRA logo was posted at the project site			X	not an ARRA project

FILE REVIEW CHECKLIST

Required Financial Elements - Everett (City of) (Loan #L1000022)

Review Item and Question to Answer		Yes	No	N/A	Comments
3.1 Financial Review					
1	CWSRF: File includes documentation that the state conducted a financial capability review	X			Ecology provided documentation to verify that it conducted a financial capability review for this project.
2	DWSRF: State conducted a technical, managerial and financial capability review of the recipient			X	
3	Loan agreement includes requirement for the assistance recipient to submit Single Audit Reports, if required	X			Loan Agreement (L1000022) 1/21/2010: Attachment 6, p.3
	a. The assistance recipient is submitting Single Audit Reports [if required]	X			See State Auditors website .SFY 2009 audit submitted. SFY 2010 audit to be submitted September 2011.
	b. The state ensured that the assistance recipient resolved any issues identified in the Single Audit Report			X	
4	ARRA: For projects receiving only partial ARRA funding, the state ensured that the recipient obtained funding to allow for the project to be completed			X	
3.2 Loan or Bond Purchase Agreement					
1	The loan or bond purchase document:				
	a. Is signed by the state and assistance recipient	X			Loan Agreement (L1000022) for \$6,249,652 signed by Ecology 1/21/2010; signed by Mayor of Everett 1/11/2010; Loan Agreement (L1000022) Amendment #1: Lowers this to (\$2,403,145) signed by Ecology 3/29/2011; signed by Mayor of Everett 3/16/2011; project completion date and Initiation of Operation dates remains the same (both 10/31/2011).
	b. Includes a budget and/or description of eligible costs	X			Loan Agreement 1/21/2010: For construction of the Bond Street CSO Control Facility including 1,000,000 gallon retention treatment basin. All cost estimates listed as eligible: Construction: \$20,437,780; administrative: \$527,094; Engineering Fees: \$333,000; Total Project Cost: \$21,437,780; reduced to ~\$2.4 million as retention treatment basin and lift station 3 reverse flow pumps removed from the project due to lack of funding from other sources; Loan (L1000022) amended accordingly.
	c. Includes the fee rate [if applicable]	X			\$6,249,652 at 2.9%; amended down to \$2,403,145 at original interest rate of 2.9% (or 60% of market rate for the SFY2010 funding cycle).
	d. Includes the fee rate [if applicable]			X	
	e. Includes the repayment period	X			Original Repayment Schedule #1465 for L1000022 has 39 biannual installments spread across 20 years. Schedule #1465 for L1000022 after amendment #1 has 39 biannual installments spread across 20 years replaced with Repayment Schedule #1573 on 11/15/2010.
	f. Requires the assistance recipient to maintain accounting practices in accordance with GAAP	X			
	g. Prohibits funds from going to contractors or subcontractors who have been suspended or debarred	X			Loan Agreement 1/21/2010: Attachment 4, p.2
	h. Includes an amortization schedule or refers to the date when repayment must begin	X			39 biannual installments spread across 20 years starting 10/31/2012.
2	The repayment period is in accordance with the state's policies and procedures (up to 20 years or extended term)	X			In accordance with WAC 173-98-400 loan offered at 60% of the market rate, as this one was, are allowed up to 20 years to repay the loan.
3	ARRA: The loan or bond purchase document:				
	a. Includes a provision allowing the state to terminate the agreement if the project fails to proceed in a timeframe consistent with ARRA requirements for all funds to be under contract or construction by February 17, 2010			X	
	b. Includes the Buy American requirements			X	
	c. Includes the Davis-Bacon requirements	X			Loan Agreement (1/21/2010), Attachment 4, p.11. Includes Davis-Bacon language with a link to the USDOL Wage and Hour Division http://www.dol.gov/esa/whd/contractxtdbra.htm and a link to Wage Determinations http://www.wdol.gov . Note: Davis Bacon provisions from the EPA capitalization grant terms and conditions were also amended into the contract.

FILE REVIEW CHECKLIST

Required Financial Elements - Everett (City of) (Loan #L1000022)

Review Item and Question to Answer	Yes	No	N/A	Comments
d. Includes the requirement to report jobs created and/or retained	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

FILE REVIEW CHECKLIST

State: Washington CWSRF

Reviewer: David Carcia

Project: Kittitas County (Loan #L1000032)

Review Date: 4/27/2011

Required Programmatic Elements - Kittitas County - Loan #L1000032

Review Item and Question to Answer		Yes	No	N/A	Comments
1.1 Funding Eligibility					
1	File contains a signed application from the recipient	X			Application in the project file indicates that Harold Kortum (Water District #6 commissioner) signed by Harold Kortum (commissioner) 10/29/2008
2	The assistance recipient is eligible for CWSRF/DWSRF assistance	X			Public Water District
3	As described in the file, the project is eligible for CWSRF/DWSRF financing	X			Project is eligible for funding under the Clean Water Act Section 212 funding authority as it is replacing the 30 year old Lift Station
4	File documents the anticipated environmental and public health benefits of the project	X			Maintaining proper lift station functionality prevents raw sewage from discharging into the Columbia River.
5	All technical documents required by the state for the type of project have been submitted (pre-engineering reports, plans & specs, etc.)	X			Facility Plan Approved (11/8/2001) by Charles McKinney (Water Quality Program Section Manager); Plans and Specifications Approved (12/03/2010) by Charles McKinney (Water Quality Program Section Manager); Contract Documents dated November 2010 approved (12/03/2010) by Charles McKinney (Water Quality Program Section Manager).
6	The technical documents were reviewed and approved by the state in accordance with their established procedures	X			
7	ARRA: The project and recipient are eligible for ARRA funding (e.g. no zoos, casinos, golf courses, land purchases, etc.)			X	not an ARRA project
8	ARRA: All funds are under contract or construction by February 17, 2010			X	not an ARRA project
9	ARRA: For refinance projects, the initial debt was incurred between October 1, 2008 and February 17, 2009			X	not an ARRA project
10	ARRA: No construction contracts signed or construction work begun prior to Oct. 1, 2008 on any ARRA-funded portion of the project			X	not an ARRA project
1.2 CBR/PBR					
1	Information in the file supports the project data entered in CBR/PBR	X			
1.3 Socio-Economic and Other					
1	File includes a completed EPA Form 4700-4	X			4700-signed and dated April 19, 2011
2	Project file includes a certification from the assistance recipient confirming compliance with EEO and Non-Segregated activities	X			EEO and Non-Segregated Facilities Certifications both signed and dated April 19, 2011
1.4 State Environmental Review					
1	The project is subject to the State Environmental Review Process (SERP) [N/A for nonpoint source projects]	X			
2	File includes an information document from the assistance recipient that includes the following:				
	a. Discussion of required mitigation measures	X			Mitigation summary is in Section 4 of the ER [need date of ER]
	b. Analysis of other sites considered, as appropriate			X	Project is refurbishing an existing facility
	c. Analysis of other projects considered, as appropriate			X	Project is refurbishing an existing facility
3	File contains a state Environmental Assessment document [N/A for projects receiving a categorical exclusion]	X			
4	File contains the state's decision memo documenting one of the following:				
	a. Decision to classify the project as a Categorical Exclusion (CE)			X	

FILE REVIEW CHECKLIST

Required Programmatic Elements - Kittitas County - Loan #L1000032

Review Item and Question to Answer		Yes	No	N/A	Comments
					WA 197-11-960 SEPA checklist Determination of No significance 8/10/2001; Ecology CWSRF concurrence approved (10/23/2001) by G. Thomas Tebb (Water Quality Program Section Manager) NEPA requires reevaluation of the old ER or issuance of a new ER after five years. Since the NEPA review was done over five years ago, this project was re-assessed to determine that it was substantially the same project and will occur within same Area of Potential Effect. Ecology analyzed the EZ-1 Form to confirm it was the same project and signed letter to that effect Kelley Susewind (2/25/2010) The only difference is that Instead of removing wet well it was decided to reuse this wet well during the value engineering for this project.
	b. Decision to grant a Finding of No Significant Impact (FNSI)	X			
	c. Decision to require an Environmental Impact Statement (EIS)			X	
5	File includes evidence of public notification of CE/FNSI/EIS in accordance with the SERP	X			Public noticed on 8/28/2001
	a. The comment period was in accordance with state procedures	X			Project file indicates that there was no action on this DNS during a public comment period of at least 14 day in accordance with WAC 197-11-340(2).
	b. The state addressed all comments appropriately	X			No comments received according to Dan Buller (Varela Associates,Inc.) phone call 10/23/2001
6	File contains documentation of compliance with the Endangered Species Act, including state equivalents	X			Gregg Kurtz (USFWS) email (3/14/2001) and WDFW determined no adverse environmental impacts. Joe Miller (NMSF) response "it appears the construction will...improve water...quality...thus benefitting listed fish. EZ-1 Form reasserts that this ESA assessment from 2001 still applies as the project has not substantially changed since then.
7	File contains documentation of concurrence from the State Historic Preservation Office				RUS Bulletin 1794-A 602; p. 2, item 1. SHPO and THPO consulted: Letter from WA SHPO (3/1/2010) concurring with Ecology determination (dated 2/25/2010) of no cultural impacts from the Vantage Lift Station Replacement Project in Kittitas County, Washington. Confederated Tribes and Band of the Yakama Nation letter (3/5/2001) states they found no record of cultural resources at the Vantage Lift Station site, but request that a monitoring plan be developed. The same letter also states that if archaeological or cultural resources are inadvertently found, then the Yakama Nation reserves its rights under the Treaty of 1855. Environmental Review (Section 3.5.3 and 3.5.4) contains the requested mitigation of an Archaeological survey during design and having a professional monitor during bed construction as recommended by Yakama Nation.
8	File contains documentation of compliance with Wild and Scenic Rivers Act	X			"N/A" RUS Bulletin 1794-A 602; p. 4, item 31. EZ-1 Form [NEED DATE OF EZ-1 Form] get dopy reasserts that the environmental review from 2001 still applies as the project has not substantially changed since then.
9	File contains documentation of compliance with the Coastal Zone Management Act			X	RUS Bulletin 1794-A 602; p. 3, item 14. N/A as Kittitas is not in a coastal zone. EZ-1 Form [NEED DATE OF EZ-1 Form] get dopy reasserts that the environmental review from 2001 still applies as the project has not substantially changed since then.
10	File contains documentation of compliance with the Coastal Barriers Resources Act [Louisiana and Texas only]			X	
11	File contains documentation of compliance with the Farmland Protection Act				
		X			No land included in the project is farmland. NEPA Environmental Report (Varela and Associates, Inc. July 2001).
12	File includes documentation assessing the possible location of wetlands in the project area	X			RUS Bulletin 1794-A 602; p. 4, item 24a. Project is not in wetlands. EZ-1 Form reasserts that the environmental review from 2001 still applies as the project has not substantially changed since then.
13	File includes documentation assessing the possible location of floodplains in the project area				RUS Bulletin 1794-A 602; p. 2 item 2 & Facility Plan Section 3.5. Project is located outside the 100 year flood plain. EZ-1 Form reasserts that the environmental review from 2001 still applies as the project has not substantially changed since then.
14	File includes documentation showing compliance with the Clean Air Act	X			RUS Bulletin 1794-A 602; p. 3, item 4. EZ-1 Form reasserts that the environmental review from 2001 still applies as the project has not substantially changed since then.
15	File includes evidence of consultation with the state groundwater program office or EPA Regional Office of Groundwater to identify any EPA-designated sole source aquifers in the vicinity of the project	X			RUS Bulletin 1794-A 602; p. 4, item 18. "N/A" it appears there are no sole source aquifers in the vicinity of the project. EZ-1 Form reasserts that the environmental review from 2001 still applies as the project has not substantially changed since then.

FILE REVIEW CHECKLIST

Required Technical Elements - Kittitas County (Loan #L1000032)

Review Item and Question to Answer		Yes	No	N/A	Comments
2.1	Green Project Reserve (GPR)				
1	The project description provides sufficient detail to classify the project as eligible for inclusion			X	
2	File includes a business case (for non-categorical green projects)			X	
2.2	Bid and Procurement				
1	Project file contains RFP/bid documentation	X			
	a. Project file includes evidence that the state has reviewed and approved the bid documents	X			5/10/10 engineering services agreement; amendment #1 7/31/2010 ; Notice of award 12/21/2010 to Belsaas U Smith Construction inc. notice to proceed signed by Kittitas WD#6 on 1/31/2011.
2	Project file includes tabulation of bids	X			
3	Selected bid is included in the file	X			
	a. If other than the lowest bid was selected, an explanation is provided			X	Project indicates Belsaas & Smith Construction, Inc. was the lowest, responsive, responsible bidder.
4	The bid documents include Disadvantaged Business Enterprise (DBE) requirements	X			See next comment
	a. The bid documents provide DBE forms 6100-2, 6100-3 and 6100-4	X			Belsaas & Smith Construction, Inc. filled out and signed 6100-4 12/8/2010; B&S construction also signed along with Metal Benders, Inc. subcontractor 6100-3 form listing \$81,500 of work performed. 6100-2 not signed but indicates it will be filled out with DBE pay request and payment.
	b. Assistance recipient has submitted semi-annual DBE reports on subcontracting procurements to the state [DBE form 5700-52A or equivalent] [note: these forms may be located elsewhere]	X			The documentation at Ecology HQ indicates that D-Forms submitted by recipient are included with each disbursement request.
5	The bid was advertised for the correct length of time as established by state rules	X			Affidavit of Publication for one week starting 11/11/2010; bid advertisement states Kittitas County Water District No. 6 will accept bids until 1:00PM 12/1/2010; bids tabulated (14 days) in accordance with state regulations.
6	The bid documents include Equal Employment Opportunity and Anti-Discrimination provisions	X			4700-4 form signed and dated 4/19/11 (corrected previous omission).
7	Selected bid is included in the file	X			EPLS printout (4/14/2011) action dates 4/14/2008 through 2/17/2010 Belsaas and Smith Construction Inc. were in compliance with this cross cutter. EPLS printout from 4/12/2011 indicates Varela associates were in compliance with this cross cutter.
8	ARRA: Bid documents include Buy American terms and conditions			X	not an ARRA project
9	Bid documents include Davis-Bacon requirements	X			
	a. Bid documents include Federal wage determinations for the project	X			Federal wage determination in file 100089 11/11/2010
	b. For assistance recipients that are non-profit organizations: The state obtained and reviewed wage determinations prior to bid advertisements to ensure compliance with Davis-Bacon requirements			X	
2.3	Construction Contracts				
1	ARRA: Construction contracts include Buy American terms and conditions			X	not an ARRA project
2	Construction contracts require the contractor to comply with Davis-Bacon requirements			X	Preconstruction conference record prepared by Varela & Associates indicates Davis Bacon will be required;
	a. Contracts include a reference to the Federal wage determination(s) applicable to the contract	X			Federal wage determination in file 100089 11/11/2010
	b. Construction contracts include Davis-Bacon contract provisions from EPA grant terms and conditions	X			Davis-Bacon terms and conditions changed ordered into contract 2/28/2011 (cost \$794.88)
2.4	ARRA Reporting				

FILE REVIEW CHECKLIST

Required Technical Elements - Kittitas County (Loan #L1000032)

Review Item and Question to Answer		Yes	No	N/A	Comments
1	Project file includes documentation from the assistance recipient indicating compliance with Davis-Bacon for each weekly payroll	X			Since Davis-Bacon was also required for SFY2010, disbursement requests reviewed included weekly payroll certifications.
2	Project file includes quarterly reports on job creation and retention			X	not an ARRA project
3	For projects covered by a Buy American national waiver, documentation for the waiver is included in the project file			X	not an ARRA project
4	For projects that received a project-specific Buy American waiver, documentation for the waiver is included in the project file			X	not an ARRA project
5	File includes documentation from the assistance recipient on utilization of the Buy American de minimis waiver			X	not an ARRA project
2.5 Inspection Reports					
1	Project file includes copies of inspection reports prepared by the state or its representative			X	No comments received according to Dan Buller (Varela Associates,Inc.) phone call 10/23/2001
2	Inspections were performed at intervals in accordance with the state's procedures (e.g., monthly during construction, quarterly, etc.)	X			More of an outreach and education role with this particular community at this point. Preconstruction meeting 12/31/2011. Notice to proceed was 1/21/2011. Inspection at 30%/60% combined (only one month construction timeframe) 4/19/2011; no challenges noted. plan 90% inspection May/June 2011. CRO engineer indicated that he spot checked Davis bacon onsite and asked about prevailing wages and job classifications to ensure compliance with the Davis-Bacon change order. CRO engineer plans to conduct another inspection at 90% completion (planned for May 2011). Project completion Memo will summarize any issues with the project including any Davis bacon issues identified.
3	ARRA: Inspection reports noted issues or concerns regarding compliance with Buy American			X	not an ARRA project
	a. All issues or concerns were appropriately resolved			X	not an ARRA project
4	Inspection reports noted issues or concerns regarding eligibility for the Green Project Reserve			X	This project was not funded with GPR.
	a. All issues or concerns were appropriately resolved			X	not an ARRA project
5	ARRA: Inspection reports noted issues or concerns regarding compliance with Davis-Bacon requirements			X	not an ARRA project
	a. All issues or concerns were appropriately resolved			X	not an ARRA project
6	ARRA: Inspection reports noted issues or concerns regarding information previously reported on jobs created and retained			X	not an ARRA project
	a. All issues or concerns were appropriately resolved			X	not an ARRA project
7	ARRA: project file includes evidence that the ARRA logo was posted at the project site			X	not an ARRA project

FILE REVIEW CHECKLIST

Required Financial Elements - Kittitas County (Loan #L1000032)

Review Item and Question to Answer		Yes	No	N/A	Comments
3.1 Financial Review					
1	CWSRF: File includes documentation that the state conducted a financial capability review	X			June 19, 2009 FY2010 Financial Capability Assessment indicates Kittitas County, District #6, is a very small rural community with limited ability to raise adequate resources for capital and other wastewater related costs. The project file documents that Ecology worked closely with Kittitas to move them from a "very high risk" category of potential default on the Revolving Fund Loan to being considered capable of repaying the loan. Essentially, the Kittitas agreed to raise it's sewer rates to pay for the upgrade. Kittitas County Water District #6 Resolution No. 2010-2
2	DWSRF: State conducted a technical, managerial and financial capability review of the recipient			X	
3	Loan agreement includes requirement for the assistance recipient to submit Single Audit Reports, if required	X			
	a. The assistance recipient is submitting Single Audit Reports [if required]	X			See State Auditors website .SFY 2009 audit submitted. SFY 2010 audit submitted September 2011.
	b. The state ensured that the assistance recipient resolved any issues identified in the Single Audit Report			X	
4	ARRA: For projects receiving only partial ARRA funding, the state ensured that the recipient obtained funding to allow for the project to be completed			X	
3.2 Loan or Bond Purchase Agreement					
1	The loan or bond purchase document:				
	a. Is signed by the state and assistance recipient	X			Loan Agreement L1000032(\$205,744) signed by Ecology 4/23/2010; signed by three Kittitas District Commissioners 4/5/2010; Loan Agreement L1000032 Amendment #1: Lowers loan amount to \$164,396 by lower the budget item for contraction signed 4/21/2011 ECY) 4/13/11 commissioners; Loan Agreement 1000032 Amendment #2 (under negotiation): Ecology is negotiating this amendment to increase the loan by approximately \$8,000 to cover an eligible cost that is over the original budget.
	b. Includes a budget and/or description of eligible costs				Loan L1000032 for Kittitas County Water District #6 to replace the Vantage Sewer Lift Station. All costs are listed as eligible; Project Management & Admin: \$2,000; Design: \$35,000; Construction\$185,382; Construction Management: \$27,000; 5% Change Order Allowance: \$9,270; Total Project Costs (as amended): \$258,652 of which \$164,396 will be funded via the CWSRF loan and \$94,256 will be funded by a Centennial Clean Water Program Grant (G1000538). According to Ecology/Kittitas Water District #6 meeting minutes (1/15/2010) Ecology modified the agreement to allow Kittitas to use 100% of the grant funding first.
	c. Includes the interest rate	X			Loan Agreement L1000032(\$205,744) at 2.5% (hardship interest rate)
	d. Includes the fee rate [if applicable]			X	Washington does not charge fees at this time.
	e. Includes the repayment period	X			Loan Agreement L1000032 includes a repayment period of 20 years
	f. Requires the assistance recipient to maintain accounting practices in accordance with GAAP	X			
	g. Prohibits funds from going to contractors or subcontractors who have been suspended or debarred	X			Loan Agreement L1000032; Attachment 4, p.1
	h. Includes an amortization schedule or refers to the date when repayment must begin				Loan Agreement L1000032; Attachment 4, p.6 indicates the loan must begin repayment the earlier of (i) one year after the PROJEXT completion date or Initiation of Operation Date or (ii) five years from the first payment by the DEPARTMENT [Ecology]. Loan Agreement L1000032; Attachment 8 list repayment schedule Number 1516 created on March 12, 2010 was replaced, with Amendment #2, with repayment schedule Number 1614, which lists 39 biannual installments over 20 years.
2	The repayment period is in accordance with the state's policies and procedures (up to 20 years or extended term)	X			

FILE REVIEW CHECKLIST

Required Financial Elements - Kittitas County (Loan #L1000032)

Review Item and Question to Answer		Yes	No	N/A	Comments
3	ARRA: The loan or bond purchase document:				
	a. Includes a provision allowing the state to terminate the agreement if the project fails to proceed in a timeframe consistent with ARRA requirements for all funds to be under contract or construction by February 17, 2010			X	not an ARRA project
	b. Includes the Buy American requirements			X	not an ARRA project
	c. Includes the Davis-Bacon requirements		X		Loan Agreement L1000032 does not included Davis Bacon provision, but it does call for Prevailing Wage rates in accordance with Chapter 39.12 RCW.
	d. Includes the requirement to report jobs created and/or retained			X	

FILE REVIEW CHECKLIST

State: Washington CWSRF

Reviewer: David Garcia

Project: Vancouver (City of) Loan #L1000018

Review Date: 4/27/2011

Required Programmatic Elements- Vancouver (City of) - Loan #L1000018

Review Item and Question to Answer	Yes	No	N/A	Comments
1.1 Funding Eligibility				
1 File contains a signed application from the recipient	X			Application signed by Victor R. Ehrlich, City Engineer 03/11/2005
2 The assistance recipient is eligible for CWSRF/DWSRF assistance	X			The City of Vancouver, Washington
3 As described in the file, the project is eligible for CWSRF/DWSRF financing	X			Application signed 03/11/2009, "create 26 acres of constructed wetlands/forest, cool flow augmentation from SEH through peterson channel to brunt bridge creek, reduce stream temperatures in the channel and creek, increase dissolved oxygen, reduce fecal coliform concentrations in peterson channel and bb creek, create wetlands designed to attenuate stormwater peaks, provide stable source of clean water for aquifer recharge from flow augmentation."
4 File documents the anticipated environmental and public health benefits of the project	X			Application signed 03/11/2009; project will "beneficially reuse non-contact cooling water to supply wetlands that expand the public greenway and wildlife habitat, cool augmented flow from a nearby silicon wafer manufacturing operation, increase dissolved oxygen, decrease fecal coliform concentration, and attenuate flow peaks.
5 All technical documents required by the state for the type of project have been submitted (pre-engineering reports, plans & specs, etc.)			X	This project is in the activity category and does not have technical documents that need approval by Ecology. It is mainly landscape architecture the documents of which Ecology is not required to review.
6 The technical documents were reviewed and approved by the state in accordance with their established procedures			X	see previous comment
7 ARRA: The project and recipient are eligible for ARRA funding (e.g. no zoos, casinos, golf courses, land purchases, etc.)			X	not an ARRA Project
8 ARRA: All funds are under contract or construction by February 17, 2010			X	not an ARRA Project
9 ARRA: For refinance projects, the initial debt was incurred between October 1, 2008 and February 17, 2009			X	not an ARRA Project
10 ARRA: No construction contracts signed or construction work begun prior to Oct. 1, 2008 on any ARRA-funded portion of the project			X	not an ARRA Project
1.2 CBR/PBR				
1 Information in the file supports the project data entered in CBR/PBR	X			
1.3 Socio-Economic and Other				
1 File includes a completed EPA Form 4700-4	X			4700-4 from signed by Mayor City of Vancouver 4/22/2011
2 Project file includes a certification from the assistance recipient confirming compliance with EEO and Non-Segregated activities	X			Certification signed by Mayor City of Vancouver 4/22/2012
1.4 State Environmental Review				
1 The project is subject to the State Environmental Review Process (SERP) [N/A for nonpoint source projects]			X	This project did not contain a Section 212 aspect and was not subject to SERP.
2 File includes an information document from the assistance recipient that includes the following:				
a. Discussion of required mitigation measures			X	See comment 1.4.1
b. Analysis of other sites considered, as appropriate			X	See comment 1.4.1
c. Analysis of other projects considered, as appropriate			X	See comment 1.4.1

FILE REVIEW CHECKLIST

Required Programmatic Elements- Vancouver (City of) - Loan #L1000018

Review Item and Question to Answer		Yes	No	N/A	Comments
3	File contains a state Environmental Assessment document [N/A for projects receiving a categorical exclusion]			X	See comment 1.4.1
4	File contains the state's decision memo documenting one of the following:				
	a. Decision to classify the project as a Categorical Exclusion (CE)			X	See comment 1.4.1
	b. Decision to grant a Finding of No Significant Impact (FNSI)			X	See comment 1.4.1
	c. Decision to require an Environmental Impact Statement (EIS)			X	See comment 1.4.1
5	File includes evidence of public notification of CE/FNSI/EIS in accordance with the SERP			X	See comment 1.4.1
	a. The comment period was in accordance with state procedures			X	See comment 1.4.1
	b. The state addressed all comments appropriately			X	No comments received according to Dan Buller (Varela Associates, Inc.) phone call 10/23/2001
6	File contains documentation of compliance with the Endangered Species Act, including state equivalents			X	Project was funded in the activity category under the CWA Section 319, projects for which Ecology does not conduct cross cutter analysis.
7	File contains documentation of concurrence from the State Historic Preservation Office			X	Project was funded in the activity category under the CWA Section 319, projects for which Ecology does not conduct cross cutter analysis.
8	File contains documentation of compliance with Wild and Scenic Rivers Act			X	Project was funded in the activity category under the CWA Section 319, projects for which Ecology does not conduct cross cutter analysis.
9	File contains documentation of compliance with the Coastal Zone Management Act			X	Project was funded in the activity category under the CWA Section 319, projects for which Ecology does not conduct cross cutter analysis.
10	File contains documentation of compliance with the Coastal Barriers Resources Act [Louisiana and Texas only]			X	Project was funded in the activity category under the CWA Section 319, projects for which Ecology does not conduct cross cutter analysis.
11	File contains documentation of compliance with the Farmland Protection Act			X	Project was funded in the activity category under the CWA Section 319, projects for which Ecology does not conduct cross cutter analysis.
12	File includes documentation assessing the possible location of wetlands in the project area			X	Project was funded in the activity category under the CWA Section 319, projects for which Ecology does not conduct cross cutter analysis.
13	File includes documentation assessing the possible location of floodplains in the project area			X	Project was funded in the activity category under the CWA Section 319, projects for which Ecology does not conduct cross cutter analysis.
14	File includes documentation showing compliance with the Clean Air Act			X	Project was funded in the activity category under the CWA Section 319, projects for which Ecology does not conduct cross cutter analysis.
15	File includes evidence of consultation with the state groundwater program office or EPA Regional Office of Groundwater to identify any EPA-designated sole source aquifers in the			X	Project was funded in the activity category under the CWA Section 319, projects for which Ecology does not conduct cross cutter analysis.

FILE REVIEW CHECKLIST

Required Technical Elements - Vancouver (City of) Loan #L1000018

Review Item and Question to Answer		Yes	No	N/A	Comments
2.1 Green Project Reserve (GPR)					
1	The project description provides sufficient detail to classify the project as eligible for inclusion in the Green Project Reserve	X			This project qualifies as categorically eligible under the 4/21/2010 guidance; PART A – CWSRF GPR SPECIFIC GUIDANCE; Sections 0.3 (nonpoint source) and (Green Infrastructure) "1.2-7 Establishment or restoration of permanent riparian buffers, floodplains, wetlands and other natural features, including vegetated buffers or soft bioengineered stream banks..."
2	File includes a business case (for non-categorical green projects)			X	
2.2 Bid and Procurement					
1	Project file contains RFP/bid documentation			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
a.	Project file includes evidence that the state has reviewed and approved the bid documents			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
2	Project file includes tabulation of bids			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
3	Selected bid is included in the file			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
a.	If other than the lowest bid was selected, an explanation is provided			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
4	The bid documents include Disadvantaged Business Enterprise (DBE) requirements			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
a.	The bid documents provide DBE forms 6100-2, 6100-3 and 6100-4			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
b.	Assistance recipient has submitted semi-annual DBE reports on subcontracting procurements to the state [DBE form 5700-52A or equivalent] [note: these forms may be located elsewhere]			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
5	The bid was advertised for the correct length of time as established by state rules			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
6	The bid documents include Equal Employment Opportunity and Anti-Discrimination provisions			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
7	Bid documents or construction contracts prohibit the use of contractors or subcontractors who have been suspended or debarred by the Federal government			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
8	ARRA: Bid documents include Buy American terms and conditions			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
9	Bid documents include Davis-Bacon requirements			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
a.	Bid documents include Federal wage determinations for the project			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
b.	For assistance recipients that are non-profit organizations: The state obtained and reviewed wage determinations prior to bid advertisements to ensure compliance with Davis-Bacon requirements			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.

FILE REVIEW CHECKLIST

Required Technical Elements - Vancouver (City of) Loan #L1000018

Review Item and Question to Answer	Yes	No	N/A	Comments
2.3 Construction Contracts <i>[Note: states are not required to obtain copies of construction contracts]</i>				
1 Construction contracts include Buy American terms and conditions			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
2 Construction contracts require the contractor to comply with Davis-Bacon requirements			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
a. Contracts include a reference to the Federal wage determination(s) applicable to the contract			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
b. Construction contracts include Davis-Bacon contract provisions from EPA grant terms and conditions			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids for this project.
2.4 ARRA Reporting				
1 Project file includes documentation from the assistance recipient indicating compliance with Davis-Bacon for each weekly payroll			X	This Project was only a fee simple purchase of land. No other work is proposed, no contracts were solicited and therefore there will be no bids or contracts for this project.
2 Project file includes quarterly reports on job creation and retention			X	Not an ARRA project
3 For projects covered by a Buy American national waiver, documentation for the waiver is included in the project file			X	Not an ARRA project
4 For projects that received a project-specific Buy American waiver, documentation for the waiver is included in the project file			X	Not an ARRA project
5 File includes documentation from the assistance recipient on utilization of the Buy American de minimis waiver			X	No comments received according to Dan Buller (Varela Associates, Inc.) phone call 10/23/2001
2.5 Inspection Reports				
1 Project file includes copies of inspection reports prepared by the state or its representative			X	No construction is planned for this project and therefore it would not have any project inspections. The entire project was a fee simple land purchase.
2 Inspections were performed at intervals in accordance with the state's procedures (e.g., monthly during construction, quarterly, etc.)			X	No construction is planned for this project and therefore it would not have any project inspections. The entire project was a fee simple land purchase.
3 ARRA: Inspection reports noted issues or concerns regarding compliance with Buy American			X	No construction is planned for this project and therefore it would not have any project inspections. The entire project was a fee simple land purchase.
a. All issues or concerns were appropriately resolved			X	No construction is planned for this project and therefore it would not have any project inspections. The entire project was a fee simple land purchase.
4 ARRA: Inspection reports noted issues or concerns regarding eligibility for the Green Project Reserve			X	No construction is planned for this project and therefore it would not have any project inspections. The entire project was a fee simple land purchase.
a. All issues or concerns were appropriately resolved			X	No construction is planned for this project and therefore it would not have any project inspections. The entire project was a fee simple land purchase.
5 ARRA: Inspection reports noted issues or concerns regarding compliance with Davis-Bacon requirements			X	No construction is planned for this project and therefore it would not have any project inspections. The entire project was a fee simple land purchase.
a. All issues or concerns were appropriately resolved			X	No construction is planned for this project and therefore it would not have any project inspections. The entire project was a fee simple land purchase.
6 ARRA: Inspection reports noted issues or concerns regarding information previously reported on jobs created and retained			X	No construction is planned for this project and therefore it would not have any project inspections. The entire project was a fee simple land purchase.
a. All issues or concerns were appropriately resolved			X	No construction is planned for this project and therefore it would not have any project inspections. The entire project was a fee simple land purchase.
7 ARRA: project file includes evidence that the ARRA logo was posted at the project site			X	No construction is planned for this project and therefore it would not have any project inspections. The entire project was a fee simple land purchase.

FILE REVIEW CHECKLIST

Required Financial Elements - Vancouver (City of) Loan #L1000018

Review Item and Question to Answer		Yes	No	N/A	Comments
3.1 Financial Review					
1	CWSRF: File includes documentation that the state conducted a financial capability review		X		The project did not contain documentation of a financial capability review. Ecology staff interviews confirm that Ecology did not do financial capability reviews for 319 projects in the past. Ecology instituted new policy to start conducting financial capability reviews for all projects, including 319/320 projects, starting in SFY2011. EPA will monitor Ecology's progress with this new practice. No action is required at this time.
2	DWSRF: State conducted a technical, managerial and financial capability review of the recipient			X	
3	Loan agreement includes requirement for the assistance recipient to submit Single Audit Reports, if required	X			
	a. The assistance recipient is submitting Single Audit Reports [if required]	X			See State Auditors website .SFY 2009 audit submitted. SFY 2010 audit to be submitted September 2011.
	b. The state ensured that the assistance recipient resolved any issues identified in the Single Audit Report			X	
4	ARRA: For projects receiving only partial ARRA funding, the state ensured that the recipient obtained funding to allow for the project to be completed			X	
3.2 Loan or Bond Purchase Agreement					
1	The loan or bond purchase document:				
	a. Is signed by the state and assistance recipient	X			\$1.1 million Loan Agreement signed by Kelly Susewind (1/29/10) and by Pat McDonnell, Vancouver City Manger (1/12/10)
	b. Includes a budget and/or description of eligible costs	X			Budget calls for \$104,000 project admin./management; \$1,400,000 land purchase; \$782000 Project Design and Construction Mgmt; \$154,000 Legal, Contracts, Permitting \$4,160,000 Construction; all are listed in the application as CWSRF eligible.
	c. Includes the interest rate	X			2.9% according to Loan Agreement signed by Kelly Susewind (1/29/10) and by Pat McDonnell, Vancouver City Manger (1/12/10)
	d. Includes the fee rate [if applicable]			X	Ecology does not currently charge fees on its CWSRF loans.
	e. Includes the repayment period	X			20 years
	f. Requires the assistance recipient to maintain accounting practices in accordance with GAAP	X			Requires borrower to account for project in accordance with 43.09.200 RCW "Local Government Accounting-Uniform System of Accounting; Loan Agreement; attachment 4, page 1.
	g. Prohibits funds from going to contractors or subcontractors who have been suspended or debarred	X			Although it is not relevant to this particular project, Loan agreement L000018; Attachment 4; P. 2, does prohibit the use of suspended and debarred entities.
	h. Includes an amortization schedule or refers to the date when repayment must begin	X			Repayment Schedule #1472 lists 39 biannual payments over 20 years; Loan agreement L000018; Attachment 8; Pp.1-3. in accordance with WAC 173-98-430, The first repayment of principal and interest will be due one year after the initiation of operation date, or one year after the project completion date, whichever occurs first.
2	The repayment period is in accordance with the state's policies and procedures (up to 20 years or extended term)	X			In accordance with WAC 173-98-400 loan offered at 60% of the market rate, as this one was, are allowed up to 20 years to repay the loan.
3	ARRA: The loan or bond purchase document:				
	a. Includes a provision allowing the state to terminate the agreement if the project fails to proceed in a timeframe consistent with ARRA requirements for all funds to be under contract or construction by February 17, 2010			X	
	b. Includes the Buy American requirements			X	
	c. Includes the Davis-Bacon requirements			X	While project includes requirement to follow Prevailing Wages on Public Works law (3 Chapter 9.12 RCW) in Loan agreement L000018; Attachment 4; P. 11 as standard language, it does not require contracts and none were bid as this was a simple fee purchase of land.

FILE REVIEW CHECKLIST

Required Financial Elements - Vancouver (City of) Loan #L1000018

Review Item and Question to Answer	Yes	No	N/A	Comments
d. Includes the requirement to report jobs created and/or retained	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

FILE REVIEW CHECKLIST

State: Washington CWSRF

Reviewer: David Carcia

Project: Wilbur (Town of) Loan #L1000015

Review Date: 4/28/2011

Required Programmatic Elements- Wilbur (Town of) - Loan #L1000015

Review Item and Question to Answer		Yes	No	N/A	Comments
1.1 Funding Eligibility					
1	File contains a signed application from the recipient	X			Application signed by Gerald Metclif (Mayor Pro-Tem) 10/30/08
2	The assistance recipient is eligible for CWSRF/DWSRF assistance	X			Town of Wilbur as a public entity is eligible for CWSRF funding
3	As described in the file, the project is eligible for CWSRF/DWSRF financing				Loan Agreement (1/21/2010) and Funding Application (10/30/2008) both describe the project as the construction of an extended=aeration, activated=sludge treatment plant with intermittent discharge to Goose Creek and to constructed wetlands, which will address current water quality problems will comply with NPDES permit requirements for surface and groundwater standards. Project response to a Consent Decree No. CV-04-0012-AAM; U.S. District Court, Eastern District, Washington.
4	File documents the anticipated environmental and public health benefits of the project	X			Funding application (10/30/2008)
5	All technical documents required by the state for the type of project have been submitted (pre-engineering reports, plans & specs, etc.)	X			Plans and specifications from (4/2/2010) were reviewed and approved by Ecology letter signed (5/19/2010) by Bellatty, Ecology Water Quality Program Section Manager.
6	The technical documents were reviewed and approved by the state in accordance with their established procedures	X			Technical documents reviewed and approved in accordance with 90.48.110 RCW and 173-240 WAC per approval letter signed (5/19/2010) by Bellaty (Ecology Section Manager)
7	ARRA: The project and recipient are eligible for ARRA funding (e.g. no zoos, casinos, golf courses, land purchases, etc.)			X	Not an ARRA project
8	ARRA: All funds are under contract or construction by February 17, 2010			X	Not an ARRA project
9	ARRA: For refinance projects, the initial debt was incurred between October 1, 2008 and February 17, 2009			X	Not an ARRA project
10	ARRA: No construction contracts signed or construction work begun prior to Oct. 1, 2008 on any ARRA-funded portion of the project			X	Not an ARRA project
1.2 CBR/PBR					
1	Information in the file supports the project data entered in CBR/PBR	X			
1.3 Socio-Economic and Other					
1	File includes a completed EPA Form 4700-4	X			4700-4 signed by Mayor of Wilbur (01/06/2010)
2	Project file includes a certification from the assistance recipient confirming compliance with EEO and Non-Segregated activities	X			Ecology sent follow up documentation. BOSS EEO and Non-Segregated Facilities Certifications both signed by president of BOSS and dated February 18, 2010. Strider contract signed 4/22/2010 has non-discrimination clause; Section I, p. 5 and EEO clause in Section Q, p.7. and Civil Rights Act of 1964 Clause; Exhibit C, attachment 5-D(1).
1.4 State Environmental Review					
1	The project is subject to the State Environmental Review Process (SERP) [N/A for nonpoint source projects]	X			Richard A Koch 10/06/2008 approved Environmental Review from consultant Jamie Varela.
2	File includes an information document from the assistance recipient that includes the following:				
	a. Discussion of required mitigation measures	X			four pages of USDA comments on Wilbur environmental report. This 10/02/2008 letter is signed by Rick Rose, Community Programs Loan Specialist at on environmental at USDA.
	b. Analysis of other sites considered, as appropriate	X			Four alternatives were considered before choosing the selected alternative USDA letter on environmental report signed 10/02/2008.
	c. Analysis of other projects considered, as appropriate			X	The no action alternative was not feasible due to an Ecology Consent Decree. No other projects would have addressed this requirement.
3	File contains a state Environmental Assessment document [N/A for projects receiving a categorical exclusion]	X			WAC 197-11-960 Environmental Checklist completed by indicates temporary impacts during construction, but no significant impacts. Checklist signed on 4/10/08 by Robert Wyborney, Mayor Town of Wilbur.

FILE REVIEW CHECKLIST

Required Programmatic Elements- Wilbur (Town of) - Loan #L1000015

Review Item and Question to Answer		Yes	No	N/A	Comments
4	File contains the state's decision memo documenting one of the following:			X	
	a. Decision to classify the project as a Categorical Exclusion (CE)			X	
	b. Decision to grant a Finding of No Significant Impact (FNSI)	X			Determination of No significance signed on 05/07/2008 by Responsible Official (Robert Wyborney), Mayor Town of Wilbur.
	c. Decision to require an Environmental Impact Statement (EIS)			X	
5	File includes evidence of public notification of CE/FNSI/EIS in accordance with the SERP	X			Affidavit of publication in The Wilbur Register (05/15/2008)
	a. The comment period was in accordance with state procedures	X			No comments received according to Dan Buller (Varela Associates, Inc.) phone call 10/23/2001
	b. The state addressed all comments appropriately			X	no comments were received.
6	File contains documentation of compliance with the Endangered Species Act, including state equivalents	X			"No effect" ESA letter from EPA issued 6/11/09 concurs with Biological Assessment submitted by Biology, Soils, and Water, Inc. on behalf of the Town of Wilbur.
7	File contains documentation of concurrence from the State Historic Preservation Office	X			DAHP letter 4/14/2008 recommends a cultural survey and the letter from the Confederated Tribes of Colville Reservation dated May 5, 2008. Spokane Tribe of Indians THPO was consulted and they reviewed the SEPA checklist and requested that they be contacted only if artifacts or human remains were found at the project site, but stated they thought the project could move forward.
8	File contains documentation of compliance with Wild and Scenic Rivers Act			X	Not on a Wild and Scenic River
9	File contains documentation of compliance with the Coastal Zone Management Act			X	Wilbur, WA is not in a Coastal Zone
10	File contains documentation of compliance with the Coastal Barriers Resources Act [Louisiana and Texas only]			X	
11	File contains documentation of compliance with the Farmland Protection Act	X			6/5/2008 Natural Resources Conservation Service NRCS/USDA Farmland Conversion Impact Rating Form AD-10006 indicates that since the project is to be build on an existing WWTF site, no conversion of prime farmland will occur.
12	File includes documentation assessing the possible location of wetlands in the project area	X			Four category 3 wetlands with 50 foot buffers were identified in the project area (Wetland Delineation Plan for the Town of Wilbur by Biology, Soil, and Water, Inc., June 2008). Treatment plan will not impact the wetlands as the plant itself and all construction activity is planned to be between 100 and 200 feet from the wetlands (or past the designated buffer zone). The force main will temporarily impact the wetlands and the project will replace an equal amount of wetland to mitigate this temporary impact (Wetland Mitigation Plan by BSW, Inc., June 2008)
13	File includes documentation assessing the possible location of floodplains in the project area	X			"FEMA has indicated that the proposed treatment facility improvements will take place outside of the floodplain, but that the outfall pipe will be in floodplain designated as AE....Impacts to floodplain will be temporary and limited to construction activities; there will be no impact to the floodplain after construction. The project does not include any new structures located within the floodplain...the project will be designed in compliance with Wilbur's municipal codes governing construction within a floodplain or special flood hazard areas. Refer to section 18.36.250 – Nonresidential construction, and section 15.44.030 (Environmental Report for the Town of Wilbur Wastewater Treatment Plant Improvements, p. 6, Section 3.2)
14	File includes documentation showing compliance with the Clean Air Act	X			temporary impacts during construction and will include dust and exhaust emissions associated with construction activities.
15	File includes evidence of consultation with the state groundwater program office or EPA Regional Office of Groundwater to identify any EPA-designated sole source aquifers in the vicinity of the project	X			No sole source aquifers are in the vicinity of the project

FILE REVIEW CHECKLIST

Required Technical Elements - Wilbur (Town of) Loan #L1000015

Review Item and Question to Answer		Yes	No	N/A	Comments
2.1 Green Project Reserve (GPR)					
1	The project description provides sufficient detail to classify the project as eligible for inclusion in the Green Project Reserve			X	
2	File includes a business case (for non-categorical green projects)			X	
2.2 Bid and Procurement					
1	Project file contains RFP/bid documentation	X			
a.	Project file includes evidence that the state has reviewed and approved the bid documents	X			Project file contained the bid advertisement, affidavit of publication, 4/5/2010 pre-construction conference sign in sheet, bid tabulation, but does not include the winning bid. Ecology 4/12/2010 progress report states "required performance 1) preparation of complete bid docs (contract docs, plans specs) APPROVED by Ecology. Regional project manager Cynthia Wall.
2	Project file includes tabulation of bids	X			Bid results from February 18, 2010 bid date indicates that twelve (12) contractors bid on Force main portion of the work and thirteen (13) contractors bid on the WWTF portion of the work
3	Selected bid is included in the file	X			Boss Construction, Inc. selected for the WWTF contract with bid of \$2, 572, 269. Wilbur Notice to proceed letter signed by Mayor 03/19/2010 for Boss Construction, Inc.. Strider Construction was selected for the Force main contract with bid of \$445,800. Wilbur Notice to proceed letter signed by Mayor 4/5/2010 for Strider Construction Co. Inc.
a.	If other than the lowest bid was selected, an explanation is provided			X	BOSS Inc. and Strider Construction Co. Inc. were the lowest responsive, responsible bidders for their respective contracts awards.
4	The bid documents include Disadvantaged Business Enterprise (DBE) requirements	X			Bid document included DBE as a specification insert that is part of the bid package.
a.	The bid documents provide DBE forms 6100-2, 6100-3 and 6100-4	X			All forms filled out 4/18/2011: 6100-4- lists nine (9) subcontractors intended, dollar amount for each, and notes that neither of them is DBE; 6100-3 - states no DBE subcontractors were used; 6100-2 is blank as no DBE subcontractors were used.
b.	Assistance recipient has submitted semi-annual DBE reports on subcontracting procurements to the state [DBE form 5700-52A or equivalent] [note: these forms may be located elsewhere]	X			Wilbur sent disbursement requests. with D-Forms containing the amount DBE utilization.
5	The bid was advertised for the correct length of time as established by state rules	X			Bid advertised in The Daily Journal of Commerce (01/22/2010 & 01/29/2010) and Wilbur Register (01/28/2010 through 02/04/2010) bids due on 02/18/2010 (22 days). This meets state requirements.
6	The bid documents include Equal Employment Opportunity and Anti-Discrimination provisions	X			Bid document included these provisions as a specification insert that is part of the bid package.
7	Bid documents or construction contracts prohibit the use of contractors or subcontractors who have been suspended or debarred by the Federal government	X			Bid documents and Loan Agreement; Attachment 4, p.2. prohibit using debarred and suspended contractors; Wilbur project file did not originally contain compliance documentation, but the recipient provided a EPLS search as follow up material, which was independently reviewed by Ecology and placed in the project file.
8	ARRA: Bid documents include Buy American terms and conditions			X	Not an ARRA project
9	Bid documents include Davis-Bacon requirements		X		EPA Davis Bacon Terms and Conditions not found in the bid package. See PER Required Action#1
a.	Bid documents include Federal wage determinations for the project		X		No wage determination included in the bid documentation. See PER Required Action #1
b.	For assistance recipients that are non-profit organizations: The state obtained and reviewed wage determinations prior to bid advertisements to ensure compliance with Davis-Bacon requirements			X	

FILE REVIEW CHECKLIST

Required Technical Elements - Wilbur (Town of) Loan #L1000015

Review Item and Question to Answer		Yes	No	N/A	Comments
2.3 Construction Contracts					
<i>[Note: states are not required to obtain copies of construction contracts]</i>					
1	ARRA: Construction contracts include Buy American terms and conditions			X	Not an ARRA project
2	Construction contracts require the contractor to comply with Davis-Bacon requirements				No Davis-Bacon contract documentation found in the regional files reviewed 4/26/2011. See Required Action #1 in the PER text.
			X		
a.	Contracts include a reference to the Federal wage determination(s) applicable to the contract			X	No Davis-Bacon contract documentation found in the regional files reviewed 4/26/2011. See Required Action #1 in the PER text.
b.	Construction contracts include Davis-Bacon contract provisions from EPA grant terms and conditions			X	No Davis-Bacon contract documentation found in the regional files reviewed 4/26/2011. See Required Action #1 in the PER text.
2.4 ARRA Reporting					
1	Project file includes documentation from the assistance recipient indicating compliance with Davis-Bacon for each weekly payroll			X	Not an ARRA project
2	Project file includes quarterly reports on job creation and retention			X	Not an ARRA project
3	For projects covered by a Buy American national waiver, documentation for the waiver is included in the project file			X	No comments received according to Dan Buller (Varela Associates, Inc.) phone call 10/23/2001
4	For projects that received a project-specific Buy American waiver, documentation for the waiver is included in the project file			X	Not an ARRA project
5	File includes documentation from the assistance recipient on utilization of the Buy American de minimis waiver			X	Not an ARRA project
2.5 Inspection Reports					
1	Project file includes copies of inspection reports prepared by the state or its representative				Inspection of Strider Construction work on the Force main contract 5/18/2010 (early project days), inspection of BOSS construction WWTF contract 10/18/2010 (30% estimated completion), inspection of BOSS construction WWTF contract 10/18/2010 (60% estimated completion) , inspection of BOSS construction WWTF contract 12/10/2010 (90% estimated completion). All signed by Richard A. Koch P.E.
		X			Inspection report from 8/4/2010 has photos showing various stages of project construction.
2	Inspections were performed at intervals in accordance with the state's procedures (e.g., monthly during construction, quarterly, etc.)			X	
3	ARRA: Inspection reports noted issues or concerns regarding compliance with Buy American				
a.	All issues or concerns were appropriately resolved			X	Not an ARRA Project
				X	Not an ARRA Project
4	ARRA: Inspection reports noted issues or concerns regarding eligibility for the Green Project Reserve			X	Not an ARRA Project
a.	All issues or concerns were appropriately resolved			X	Not an ARRA Project
5	Inspection reports noted issues or concerns regarding compliance with Davis-Bacon requirements				No Davis Bacon compliance issues or concerns were noted. While the 12/10/2010 report did indicate that the project site has wage rate signs and EEO information posted the other reports did not.
				X	No issues identified
6	ARRA: Inspection reports noted issues or concerns regarding information previously reported on jobs created and retained			X	Not an ARRA Project
a.	All issues or concerns were appropriately resolved			X	Not an ARRA Project
7	ARRA: project file includes evidence that the ARRA logo was posted at the project site			X	Not an ARRA Project

FILE REVIEW CHECKLIST

Required Financial Elements - Wilbur (Town of) Loan #L1000015

Review Item and Question to Answer		Yes	No	N/A	Comments
3.1 Financial Review					
1	CWSRF: File includes documentation that the state conducted a financial capability review	X			Ecology provided follow up documentation to confirm that they conducted and documented a financial capability review.
2	DWSRF: State conducted a technical, managerial and financial capability review of the recipient			X	
3	Loan agreement includes requirement for the assistance recipient to submit Single Audit Reports, if required	X			Loan Agreement 1/21/2010; Attachment 6, p.3.
	a. The assistance recipient is submitting Single Audit Reports [if required]	X			Per State Auditors website SFY 2009 audit on file. SFY 2010 audit due September 2011.
	b. The state ensured that the assistance recipient resolved any issues identified in the Single Audit Report			X	
4	ARRA: For projects receiving only partial ARRA funding, the state ensured that the recipient obtained funding to allow for the project to be completed			X	
3.2 Loan or Bond Purchase Agreement					
1	The loan or bond purchase document:				Loan Agreement L1000015: for \$1,876, 901 (1/21/2010) signed by Kelly Susewind (Ecology) and Robert Wyborne (1/6/2010); Loan Agreement L1000015 Amendment #1: 4/6/2011 reduced to loan down to \$433,473 and added DBE language to the loan agreement; Loan Agreement L1000015 Amendment #2: 4/17/2011 allowed 5% change order over budget for eligible costs. This amendment also reduced the grant amount to this project from \$2,712,099 to \$2,583,679
	a. Is signed by the state and assistance recipient	X			Construct extended-aeration, activated-sludge treatment plant as well as constructed wetlands. All costs listed as eligible: \$25,000 Project Administration/management; \$500,000 Design, Bid Documents, Permits \$4,564,000 Construction; Other funding sources besides L1000015: Grant for 2,583,679 for a total of \$3,966,901 eligible cost on a \$4,573,468 total cost. other funding includes: CDBG ~\$1million, Public Works Trust Fund \$475,000, City of Wilbur \$81.3K
	b. Includes a budget and/or description of eligible costs	X			\$1,876,901 at 1.4%; reduced to \$433,473 at 1.4%, which a weighted interest rate based on 1.0% for the hardship portion and 2.9% for the rest.
	c. Includes the interest rate	X			Washington does not charge loan fees at this time.
	d. Includes the fee rate [if applicable]			X	Repayment Schedule #1566 has 39 biannual installments to repay \$433,473 over 20 years. Replaces previous Schedules (#1348 and #1449).
	e. Includes the repayment period	X			Loan Agreement (L1000015), dated 1/21/2010, Attachment 4, p.1
	f. Requires the assistance recipient to maintain accounting practices in accordance with GAAP	X			Loan Agreement (L1000015), dated 1/21/2010, Attachment 4, p.2
	g. Prohibits funds from going to contractors or subcontractors who have been suspended or debarred	X			Loan Agreement (L1000015), dated 1/21/2010, Attachment 4, p.7. repayments will be paid no later than the earlier of (i) one year after the project completion date or Initiation of Operation Date (ii) or five years from the first payment by Ecology
	h. Includes an amortization schedule or refers to the date when repayment must begin	X			Loan Agreement (L1000015), dated 1/21/2010, Attachment 8 lists a schedule of 39 biannual installments over 20 years.
2	The repayment period is in accordance with the state's policies and procedures (up to 20 years or extended term)	X			
3	ARRA: The loan or bond purchase document:				
	a. Includes a provision allowing the state to terminate the agreement if the project fails to proceed in a timeframe consistent with ARRA requirements for all funds to be under contract or construction by February 17, 2010			X	not an ARRA project
	b. Includes the Buy American requirements			X	not an ARRA project

FILE REVIEW CHECKLIST

Required Financial Elements - Wilbur (Town of) Loan #L1000015

Review Item and Question to Answer	Yes	No	N/A	Comments
c. Includes the Davis-Bacon requirements		<input checked="" type="checkbox"/>		Loan Agreement (1/21/2010), Attachment 4, p.11. Prevailing Wage section includes Davis-Bacon requirement with a link to the USDOL Wage and Hour Division http://www.dol.gov/esa/whd/contractxtdbra.htm and a link to Wage Determinations http://www.wdol.gov . However, File did not have documentation to confirm EPA Davis Bacon Term and Condition in construction contract. See Required Action #1 in PER text.
d. Includes the requirement to report jobs created and/or retained			<input checked="" type="checkbox"/>	not an ARRA project